

# DAILY REPORT

*China*

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## MACAO

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PRC TO HOST UN REGIONAL DISARMAMENT CONFERENCE

OW180138 Beijing XINHUA in English 0124 GMT 18 Mar 87

[Text] United Nations, March 17 (XINHUA) -- The Asian and Pacific Regional Conference on Disarmament will be held in Beijing from March 23 to 27. The conference, organized by the United Nations Department for Disarmament Affairs, will discuss issues including nuclear and conventional disarmament, international security, verification of disarmament agreements and regional issues.

About 38 representatives from non-governmental organizations, research and educational institutions and the mass media of 16 countries will participate in the conference. Senior diplomats from 11 countries will address the conference as guest speakers. Some countries have decided to send their representatives to the conference as observers.

To promote the world disarmament campaign and world peace cause, the UN Department for Disarmament Affairs has organized seminars and conferences in various regions of the world. The Beijing conference is the 14th of such regional meetings and the first to be held in China.

FOREIGN MINISTRY HOLDS WEEKLY NEWS BRIEFING

## On UN Disarmament Meeting

OW180920 Beijing XINHUA in English 0853 GMT 18 Mar 87

[Text] Beijing, March 18 (XINHUA) -- "United Nations Regional Conference for the World Disarmament Campaign" sponsored by the United Nations will be convened here from March 23 to 27, said a Chinese Foreign Ministry spokesman at a weekly news briefing here this afternoon. The conference will be devoted to discussion on disarmament and its relations with security and development, according to the spokesman. The spokesman said that officials, well-known personages, experts and scholars from countries in the Asian and Pacific region, Europe and America will attend the conference. Some Chinese Government officials, experts and scholars will also be invited to the conference. [Beijing XINHUA Domestic Service in Chinese at 0740 GMT on 18 March carries a similar item, which states that "Vice Premier Wan Li will speak at this conference on behalf of the Chinese Government"]

## Swedish Prime Minister To Visit

OW180856 Beijing XINHUA in English 0847 GMT 15 Mar 87

[Text] Beijing, March 18 (XINHUA) -- Prime Minister Ingvar Carlsson of the Government of the Kingdom of Sweden will pay an official visit to China from April 3 to 9 at the invitation of Premier Zhao Ziyang, a Chinese Foreign Ministry spokesman told a news briefing here this afternoon. The spokesman said that Sweden was the first among the Western countries to establish diplomatic relations with China in 1950. In the 37 years since then, the two countries have enjoyed friendly relations. The spokesman believed that the forthcoming visit by Carlsson will further promote the mutual understanding and friendship between the two countries, and bring about a greater development of economic and trade cooperation on the basis of long-term stability and mutual benefit.



JOURNAL ON WEST EUROPE DEFENSE, U.S.-USSR TALKS

HK140731 Beijing GUOJI WENTI YANJIU in Chinese No 1, 13 Jan 87 pp 44-49

[Article by Jiang Jianqing (5592 1696 3237): "Western Europe's Defense and the U.S.-Soviet Arms Control Talks"]

[Text] Since the U.S.-Soviet summit in Iceland, Western Europe has been extremely worried and anxious about the trend of developments in U.S.-Soviet arms control talks. At present in the U.S.-Soviet arms control talks there is haggling going on and it is still in doubt whether a "package agreement" can be worked out. The United States and Western Europe are frequently exchanging views in an attempt to gain Western Europe's support for the U.S. talks program. Within Western Europe there is also intensified consultation so that they can exert more influence on the U.S.-Soviet talks and plan their own avenues. These various signs indicate that changes will occur in the relationships between Western Europe and the United States and the Soviet Union. The problems which have long been latent within NATO will thus be greatly exacerbated.

#### I. The Secret Concern of Western Europe [subhead]

The initial hopes of Western Europe for the Iceland summit were not realized. It appears that prior to the summit the United States did not solicit the agreement of its Western European allies. Thus, since the end of the Iceland summit, the positions of the various countries in Western Europe have been both circumspect and quite disoriented.

Until today, the major characteristic attitudes of the various countries in Western Europe have been, on the one hand, to welcome "major progress" in the U.S.-Soviet arms control talks and hope that through continued efforts positive results will be achieved; on the other hand, they are worried that the United States and the Soviet Union are engaged in "over-the-head diplomacy" which will result in an agreement which will harm Western Europe's interests. They have grave doubts and are very wary about the true intentions of the United States and the Soviet Union. They believe that the reason the United States and the Soviet Union have been able to realize progress is that, in the Soviet view, one of their aims is to bring about a collapse in the defense bond between the United States and Western Europe and to strive for military superiority in the European theater. Meanwhile, the United States, in order to realize its long-term aim of global military strategic superiority, may not pay attention to and hence harm Western Europe's current defense needs. The focus of Western Europe's attention is the United States' deployment of nuclear forces (especially medium long-range [zhong yuan cheng 0022 6678 4453] nuclear forces) in Europe and the degree and speed of U.S.-Soviet strategic arms reductions. They are worried that if the United States and the Soviet Union suddenly realize an agreement, it may greatly weaken the U.S. "nuclear umbrella."

The above attitudes of Western Europe originate from their location and their basic strategic ideologies.

For a long time, the strategic ideology of Western Europe was that "detente in defense matters equals security." In East-West and U.S.-Soviet arms control questions, Western Europe advocates the realization of a "low-level balance" and requires that both the United States and the Soviet greatly reduce both nuclear and conventional arms. After the arms reductions, an overall balance of military power will be achieved. Neither side should use the arms talks to seek military superiority. If the arms control talks develop in this direction, then in the international arena the Western Europeans will be able to improve their position, increase their independence, and increase their maneuvering room between the two superpowers. [paragraph continues]

At the same time, they will be able to improve their domestic situation and be able to avoid being squeezed between the two aspects of expanding arms production and developing their economies. They will also be able to reduce the pressure of the peace movement on various governments.

It is because of this that the results of the Iceland summit have put the governments of various Western European countries in a dilemma. With respect to the intention of the United States and the Soviet Union to greatly reduce medium-range and strategic nuclear weapons, Western Europe can only express support. If it does not it will be acting in contradiction to its long-advocated stand that there should be detente in East-West relations and a great reduction in arms. However, Western Europe believes that on the basis of the U.S.-Soviet plan, after both the United States and the Soviet Union eliminate the deployment of medium long-range nuclear weapons in Europe the pressure on Western Europe from the Soviet Union's superiority in conventional weapons will undoubtedly greatly increase. Also, the medium short-range [zhong jin cheng 0022 6602 4453] and short-range [jin cheng 6602 4453] nuclear weapons which are not included in the agreement will form new "gray weapons." [hui se 3500 5331] Furthermore, the Soviet Union has a great superiority in these types of weapons. In such a situation, the threat of conventional warfare and limited nuclear war will be unprecedentedly increased. Thus, after the United States greatly reduces its weapons, whether the remaining weapons will be able to safeguard Western Europe becomes the question. Western Europe shudders at the thought of this impossible scenario. It is for this reason that the government leaders of many countries in Western Europe have recently repeatedly claimed that "the security of Western Europe cannot be separated from the security of the United States" and that "arms control talks must prevent nuclear war in Europe and they must also prevent conventional warfare."

## II. Arms Control Talks and the Crisis in the NATO Military Structure [subhead]

The results of the Iceland summit have again sparked off a "structural crisis" in NATO.

Since NATO implemented the flexible response strategy in 1967, NATO has been required to have an appropriate ratio of conventional forces, tactical nuclear forces, and strategic nuclear forces. This is the so-called "three-in-one" military capacity. The guiding ideology in determining this strategy is that NATO relies on this force to deter enemies and this force can be used to resist any invasion. The structure of the "three-in-one" force has the following characteristics:

1. In theory, the position of conventional forces was increased, which required the strengthening of conventional forces and the expansion of this role so that they could resist limited-scale attack. Even if they were unable to rebuff the attack, they would be able to gain the necessary time for an anticipated nuclear escalation.
2. The tactical nuclear force plays the key role in the "three-in-one" deterrent force. Strategy determines that when conventional forces "cannot withstand a Warsaw Pact attack," then in a "cautiously controlled escalation of the war" tactical nuclear forces will be used "in a selective and restricted manner." The aim is to increase the selective capacity to carry out limited nuclear warfare against the Warsaw Pact and increase the determination to carry out flexible response strategies. This will allow NATO to use tactical nuclear forces deployed in Europe to engage in a limited nuclear war with the Warsaw Pact without employing U.S. strategic nuclear forces. [paragraph continues]

As to the scope of tactical nuclear forces, they include short-range (range under 500 kilometers), medium short-range (500 to 1,000 kilometers), and medium long-range (1,000 to 5,000 kilometers) missiles, fighter and bomber aircraft which carry nuclear weapons and other types of nuclear weapons and means of delivery. This is both a means of deterring the enemy from using their weapons and also the link between Western Europe and the U.S. strategic nuclear deterrent force.

3. If, in the end, there is no alternative, they should use strategic nuclear forces, predominantly U.S. strategic nuclear forces to engage in all-out nuclear war.

The above shows that the flexible response strategy is, like the large-scale retaliatory strategy in the cold war period following World War II, a "deterrent strategy" with U.S. nuclear forces as its mainstay. In the 40 years since the war, the military power of Western Europe has greatly increased, but the basic situation of relying in defense matters on the U.S. "nuclear umbrella" has not changed.

Looking at things from the actual development, this NATO structure is increasingly less suited to the changes in the balance of military forces between the United States and the Soviet Union and the two major military blocs in Europe. An overall balance has already been achieved in terms of U.S. and Soviet strategic nuclear forces. According to estimates, the ratio of Warsaw Pact military personnel stationed in Europe compared to NATO personnel at present is 1.2 to 1. However, because of the deployment and composition of Soviet forces and the wide and broad geographical conditions, the actual superiority of the Warsaw Pact countries in terms of troops and weapons exceeds this figure. In terms of biological warfare capacity, the quantities of chemical weapons stores which the United States and the Soviet Union have deployed in Europe differ greatly, with the Soviet Union having a great superiority.

In terms of medium long-range guided missiles, because the U.S. Pershing II and cruise missiles have been deployed in Western Europe, they are about a match for the Soviet SS-20's and other guided missiles. In terms of medium short-range guided missiles, since the Soviet Union deployed improved SS-21, SS-22 and SS-23 guided missiles in the German Democratic Republic and Czechoslovakia in recent years, they (the USSR and the Warsaw Pact) clearly lead NATO both quantitatively and qualitatively. As to the nuclear capacity of the British and the French, although through several years of development they have gained a certain strength, first, their strength is greatly limited when compared to that of the United States and the Soviet Union, and second, they are to differing degrees independent and it is difficult to simply include them in the above comparison of forces.

Because of changes in the balance of forces, whether or not NATO's "three-in-one" strategic structure has sufficient flexible response ability and is capable of guaranteeing Western Europe's security has become the most basic problem for NATO. Since the beginning of the 1980's some representative international study organizations as well as well-known government and private individuals have repeatedly spoken of the "historical and structural crises" within NATO and the Atlantic alliance. Of these, the most influential was a joint report by the heads of four major international study organizations and Kissinger's "Plan for the Transformation of NATO." Their main points were: At a time when there is a basic balance between the United States and the Soviet Union in terms of nuclear capability, once Western Europe is subject to a serious threat from the Soviet Union, the United States will find it difficult to make the decision to use nuclear weapons and willingly risk a nuclear attack on its own territory in order to protect Western Europe. The present military structure of NATO has been inherited from the immediate post-war period when the United States monopolized nuclear capability and Western Europe was unprecedentedly weak. However, today Western Europe has become much more powerful economically and politically and has the obligation and ability to take on more of its defense responsibilities, especially in terms of conventional forces. [paragraph continues]



In this way it will be possible within NATO to truly form "two mainstays" of the United States and Western Europe. In both the United States and Western Europe, whether in the public or private sector, no one is willing to differ on the above major points, because the facts are clearly thus. The problem is how to divide the defense responsibilities between the United States and Europe and how to form and strengthen the "Western Europe mainstay" to free NATO from its "crisis." For various reasons Western Europe will find it difficult to establish an independent defense force capable of contending with the Soviet Union, particularly in terms of nuclear forces. Although NATO has repeatedly passed resolutions on strengthening conventional defense and Western Europe has made some efforts in this, it is still far from being able to match the conventional forces of the Warsaw Pact. Thus, to date there remains the basic contradiction in which Europe's defense must rely on U.S. nuclear protection but the U.S. nuclear umbrella is becoming increasingly less dependable. It is the same situation as before.

In the last decade or so, this internal basic contradiction in NATO has been sometimes hidden, sometimes open. Some influential persons from the United States (such as (Sonnenfeldt) [suo nan fei er de 4792 0589 6316 1422 1795], Kissinger and Reagan) have stated that it should not be hoped, in the event a war breaks out in Europe, that the United States will employ strategic nuclear weapons to safeguard Western Europe. This has without a doubt been a great irritation to Western Europe and it has provoked a great response. It is only through the common needs of both the United States and Western Europe that the U.S. nuclear umbrella still covers NATO and the past disputes have not developed into real crises. The "balance of nuclear terror" has been the objective maintainer of peace in Europe in the 40 years since the war.

However, the Iceland summit again caused this basic contradiction within NATO to surface. Western Europe's concern is that since the United States, without first soliciting agreement from the Western European allies before the summit, reached a consensus (although an agreement was not reached) with the Soviet Union during the summit on the reduction of medium-range nuclear weapons and strategic weapons, then in the future the United States might not pay attention to Western Europe's interests and conclude an agreement with the Soviet Union on these matters. If the United States and the Soviet Union indeed reach an agreement based on the intentions at the summit, then the contradictions in the military structure of NATO will become more serious than before and the Soviet Union's superiority in conventional forces will be even more in evidence. As to the flexible response bonds, these will be further weakened by the removal of U.S. medium-range nuclear missiles based in Europe and there will be no guarantee after large-scale U.S. reductions that the remaining strategic weapons will be able to safeguard Europe. Not only have the FRG and the United Kingdom reacted strongly on this, but even the French Foreign Minister Raimond has recently said that the possibility of "the United States withdrawing all its guided missiles from Europe" is extremely "frightening."

### III. Western Europe's Efforts in Strengthening Defense and the Difficulties Faced [subhead]

The Iceland summit exacerbated Western Europe's sense of crisis in the defense area. Western Europe has made the following assessments on the development trends in the strategic situation:

First, they believe that for quite a long period to come the major danger faced by Western Europe will be the Soviet Union's conventional military threat. Seen from the actual developments since the 1970's, although the European situation has for a time been relaxed, the Soviet Union has not slowed its efforts in the conventional forces area and in fact there have been continuous obvious improvements in conventional forces' tactics and technology. [paragraph continues]

It is estimated that by the beginning of the next century its capacity to launch a conventional attack on Western Europe will have greatly increased.

Second, once the United States removes its medium long-range nuclear weapons from Europe, Western Europe will have to "make up the deficiency" itself.

Third, the new round in the arms race which is centered on the United States and the Soviet Union vying for superiority in space, may greatly weaken Western Europe's strategic position. In the new arms race Western Europe must work out its own long-term plans and seek its own avenues.

The above ideas did not just appear after the Iceland summit. At the end of the 1970's they had already begun to appear. Reagan's proposal of the "Star Wars" plan and the recent Iceland summit have caused these ideas to become more prominent daily. On the basis of the above assessments, in recent years Western Europe has made a series of new efforts, mainly in the following areas.

1. They have strengthened conventional forces, putting special efforts into modernizing the equipment of their conventional forces. Western Europe knows that in terms of the number of troops in active service and reserve troops, even if they put more efforts into this, there is no way they will be able to match the Warsaw Pact forces. Thus, they have put efforts into increasing the technical superiority of their troops' equipment. In order to increase their troops' ability to engage in protracted war against an enemy attack, the tanks and antitank weapons of the major Western European countries have all been improved. For example, the FRG has 300 new improved Panther II tanks and the United Kingdom, France, and Italy have completed or are in the process of planning new replacement tanks. The FRG, Italy, and other countries have already accepted the "Roger's Plan" battle principle on in-depth strikes and are now developing in-depth strike capabilities, whereby there will be continuous strikes by echelon formation after the enemy has been obstructed. There have also been advances in strengthening escort capabilities and antisubmarine capabilities. In order to accord with the long-term challenge, the various major countries of Western Europe have been successively setting about formulating plans for developing conventional weapons prior to the year 2000. Also, within NATO, together with the United States, an "in-principle military program" has been proposed which will be the guiding policy of developing weapons after the year 2000. All of this shows that Western European countries have further raised the position of conventional forces in their military strategy.

2. The nuclear forces of the United Kingdom and France have been increased. In November of 1986 the French cabinet meeting passed the "1987-1991 Military Program Act" (it awaits passage by Parliament). In this, the modernization of strategic nuclear weapons and especially the modernization of guided missile nuclear submarines in the maritime strategic forces is in prime position. At the same time, it is adhering to plans to develop new land-based guided missiles. The British Conservative Government is persisting in using U.S. Trident missiles over the next few years to replace the existing Polaris missiles, in order to strengthen the power of its nuclear submarines. In the development of British and French nuclear forces great stress is being placed on strengthening instantaneous defense and survival abilities of the nuclear weapons.

3. They have explored the possibility of establishing an outer-space defense capacity for Western Europe. The various major countries of Western Europe have already started discussing their own space strategies and some action has been taken. The United Kingdom and France have already separately established leading organs for developing space forces. [paragraph continues]



From the information revealed it seems that the French, in developing space forces, are going to concentrate on antisatellite systems, feeling that this is a simple and effective way to counter the strategic defense systems. The British are more concerned with developing a weapons system to counter the Soviet Union's anti-medium-range guided missile systems. In this area, the FRG has quite great potential and is secretly developing space forces. Italy is also discussing relevant plans.

4. They have strengthened defense alliances. Since the Western alliance was revived, conferences have been held regularly in order to link and coordinate the defense policies of relevant countries. In the concrete defense area Western Europe's cooperation is developing from joint development in conventional arms to cooperation in the strategic and high technology fields. In 1985 the United Kingdom, Italy, the FRG and Spain concluded an agreement to invest \$30 billion in the joint development of 800 "European fighters." This is the first joint development agreement of major equipment in Western Europe. At a conference of defense ministers from the European bloc of NATO in the winter of 1985, the FRG proposed that Western Europe develop an anti-short-range missile system mainly based on lasers and electromagnetically guided guns. This gained general endorsement from the participating countries and now relevant concrete plans are being discussed. Recently France has also made known that the long-discussed "Europe 2000 Spaceflight Plan" has already seen beginnings, since it received strong financial support from France and the FRG. This is composed of major projects including the development of the Arienne 5 rocket and the "Hermes" space shuttle and the equipping and launching of the "Columbus" space station. After the Iceland summit, foreign policy advisors of the government leaders of the United Kingdom, France and the FRG formed a working group to coordinate the stand of the three on the U.S.-Soviet arms control issue. When the British and French heads met in Paris, they also put forward the issue of cooperation in terms of the two countries' nuclear forces. These trends have attracted international attention. It is felt that the three major Western European countries sitting together and having a coordinated stand on the U.S.-Soviet arms control issue is "an unprecedented action" and that cooperation between the United Kingdom and France in terms of nuclear forces is a "forbidden zone" which has always been seen as difficult to enter.

The above developments are of a sort rarely seen in the histo. of Western Europe since the war and show a sense of urgency in strengthening defense and defense cooperation in Western Europe. They also show that there have been definite breakthrough in this area. However, some serious obstacles and difficulties remain in this area.

The differences in situations and in defense policies have restricted the alliance process in Western Europe. The FRG is situated in the NATO forward position, is subject to the greatest threat from the Soviet Union, and has the greatest reliance on the U.S. nuclear umbrella. Added to this are the remnant effects of being a defeated nation during the war. Thus, even today there are still various restrictions in its defense developments (a major one is that it cannot have nuclear arms). Although the situation of France and the United Kingdom in the European area is better than that of the FRG, to maintain their position as major nations in international politics and ensure their spheres of power they have to make efforts which exceed the ability of their economic strength in order to maintain and extend a military force generally commensurate with their positions. Thus, after France withdrew from the integral military structure of NATO in the De Gaulle period, they all along pursued an independent defense policy. At the same time as paying attention to developing a nuclear deterrent force, they put efforts into the overall strengthening of nuclear and conventional forces. [paragraph continues]

In strategic ideology they stressed "fortress France" (they mainly stressed safeguarding the security of France's territory), while France's foreign interests were in second place. In recent years France has changed its "all-direction defense" policy, adopted an "expanded protection" policy and stressed "putting France's strategic focuses on those places in Europe and the Mediterranean area which are subject to the most serious Soviet threat." However, the core of the defense policy -- the independent policy which has as its main part safeguarding French national interests -- will certainly not change. The United Kingdom's policy is to maintain, with U.S. assistance, a small strategic nuclear force and, at the same time, to maintain as strong as possible a conventional force composed of the three branches of the Army, Navy and Air Force in order to maintain "super-regional influence." The FRG's military strategy and policies have been established on the basis of the NATO system and its entire armed forces are under the unified command of the supreme headquarters of the NATO allied forces. The core of its defense policies is defense cooperation and coordination with the United States. Because of differences in the situations and defense policies of these major Western European nations, and the many doubts and fears on the political level, it is difficult to achieve full cooperation and unity of purpose in coordinating the development of the various defense forms and in strengthening Western Europe's defense alliance. Therefore, both realizing agreements and implementing them are full of difficulties. Economic difficulties have stood in the way of defense plan implementation. Since the middle of the 1970's Western Europe's economy has been in a slump. Although recently there has been an easing, in the next few years it is unlikely that there will be a rapid improvement. At present, the various countries are trying to control or reduce their financial budgets and cut down their financial deficits. The military expenditures of major West European countries occupies quite a high proportion of the financial budget and, in a situation where money is tight, it is very difficult to further expand the proportion of military expenditures. At the end of the 1970's, NATO passed a resolution on increasing military expenditures (a real growth of 3 percent annually). However, in the last few years virtually no country has been able to realize this. In the future, regardless of whether we speak of conventional arms, nuclear arms, or space defense development, because of the adoption of new technology and new equipment, expenditures will be greatly in excess of past figures. Therefore, the economic impediments will become more prominent. Even if Western Europe is able to strengthen the alliance to reduce difficulties in this respect, when the responsibilities have been divided up, it is not going to be easy to concretely implement them.

#### IV. Several Ideas on Future Trends [subhead]

1. In the U.S.-Soviet arms control talks, because of the restrictions of the various contradictions and their great complexity, it will certainly not be easy to achieve a "package agreement" in the short term. However, the two sides, in accordance with the requirements of the new round of the arms race (improving and strengthening strategic weapons and developing space weapons), have reduced the overload situation in their economies produced by the arms race and they have both greatly cut back on their hopes for existing outdated nuclear forces. Thus after an intense round of haggling it is quite possible that they will reach an agreement in several areas. In the future, in arms control talks the United States and the Soviet Union will have both dialogue and confrontation and it is possible that a new situation may emerge. On the one hand they will be seeking an unprecedentedly large compromise and on the other hand they will be developing a higher-level intense rivalry. This will lead to a more intense and turbulent situation.

2. The conflicts between Western Europe and the United States and the Soviet Union will be exacerbated to different degrees. The Western Europeans are now planning various countermeasures to increase their influence in U.S.-Soviet arms control talks and prevent agreements which will harm them. [paragraph continues]

The recent proposals by Western European countries that reductions by the United States and the Soviet Union in terms of strategic weapons and medium-range weapons should be related to the reduction of the medium long-range and medium-range nuclear weapons and conventional arms deployed in Europe is an initial demonstration of these countermeasures. However, regardless of whether we speak of the medium-range nuclear weapons based in Europe or the strategic weapons, in the final analysis, all are in the hands of the United States and the Western Europeans have only a limited right to speak. Because the interests of the United States and Europe in the arms control question are not exactly the same, in the course of future discussion it will be difficult to avoid the exacerbation of conflicts. As far as the Soviet Union is concerned, in order to allay Western Europe's fears, it will adopt some measures pandering to Western Europe and reduce its intervention and its attempts to divide the United States and Europe. However, the Soviet Union will not make any substantial concessions which will weaken its conventional superiority in the European theater. Also, the restriction on British and French nuclear forces is an established policy and, at a certain stage, it is certain to put this back on the agenda. Thus if we look at the essentials, a deepening in European-Soviet conflicts is inevitable.

3. Corresponding profound changes will occur in internal NATO relationships. In the defense area, the United States and Europe need each other. It is difficult to see the current situation of Western Europe relying on the U.S. nuclear umbrella changing in the foreseeable future. However, the hidden crisis in NATO's flexible response strategy are becoming deeper and more obvious daily. The United States is already considering new strategic ideas, but Western Europe's worry that the United States will eventually "unhook" itself from Western Europe in defense matters have become more intense daily. In the future a transitional period may occur when old strategic ideas change to new strategic ideas, and because it will be difficult to ascertain if Western Europe, with regard to new strategic ideas, will be able to guarantee the stability of the U.S.-European alliance and the security of Western Europe, the internal NATO contradictions will accordingly be exacerbated.

4. It is imperative that Western Europe strengthen its defense forces and defense alliances. Seen from past history, the greatest achievements in Western European alliances have been realized under strong external threats. Although there are all sorts of serious difficulties in the Western European defense alliance, it would be very difficult to achieve the aim of defense independence. However, in the present grim situation it is possible some breakthroughs might appear. These will undoubtedly be of benefit in strengthening Western Europe's independence and improving its position in international relationships.

5. The situation in Europe may, as a consequence of the above developments, become more complex, and this will affect all sides. What sort of changes this will bring to the international relationships structure which has formed in Europe since the war is a question worthy of attention and study.



SHULTZ INTERVIEWED ON PRC POLICIES, PROGRESS

HK180655 Shanghai SHIJIE JINGJI DAobao in Chinese 9 Mar 87 pp 1, 2

[Special Dispatch From Beijing on 3 March by reporter Pan Muping (3382 1970 1627):  
"U.S. Secretary of State George Shultz Answers Reporter's Questions"]

[Text] "China has irreversibly embarked on the road of modernization. As far as the country is concerned, it has no other road for her to greet its future." U.S. Secretary of State George Shultz made these remarks this evening in response to this reporter's questions. Shultz had held talks with Chinese leaders for 7 hours.

This was Mr Shultz's first official visit to China since he accompanied President Ronald Reagan on a visit to China in May of 1984.

[Reporter] Mr Secretary of State, after holding talks with senior Chinese leaders such as Deng Xiaoping, Li Xiannian, and Zhao Ziyang, do you think American entrepreneurs and investors should continue to take a step further in China, take a step backward, or just cautiously mark time in place?

[Shultz] This question is really a question concerning the recent developments in China and how to explain them. This question was raised just this morning by entrepreneurs outside China. Many other people, too -- no doubt, from China itself -- closely watched these events and wanted to know how the problems would be explained. Let me briefly give you the information I got on these problems. First of all, though, no matter how outsiders like us approach these problems, we have to admit that China is starting to solve problems of great significance to the state. Its determination is so strong that it has left a deep impression on people. Now let me sum up my thoughts on this question in seven points:

The first point is that I was informed during the talks that China had worked on these issues for many years and the effort could be traced at least to the Sun Yat-sen years. What is at issue now is how to carry out modernization. To what extent should foreign models be used as reference and should China explore its own path?

The second point is that I think everybody will agree that China has irreversibly embarked on the road of modernization and I was repeatedly told of this point. As far as this country is concerned, it has no other road for her to greet its future. As George Allen, the former coach of the Washington Redskins very often liked to say: "The future is at hand."

The third point is also the point they wanted to stress to me, that is, modernization means opening up the country to the outside world. Those countries which can seize the opportunity to open themselves to the outside world will be the most relaxed and successful countries. Therefore, what I heard here is that China must open its doors in two ways: One is openness to the outside world, which has been repeatedly stressed, and the other is openness inside, in other words, that means reform.

The fourth point is that of the question already raised on whether openness is synonymous with total Westernization. With regard to China, the reply I heard was an unequivocal "no." China has a long-standing, unique culture, one that is well established. [paragraph continues]

It will not mechanically copy anything from the Soviet Union or other countries, no more than it can or will copy anything from the West in an indiscriminate and oversimplified way. What I have heard is that China will adopt good ideas from other places as it takes the so-called socialist road and, moreover, a socialist road with Chinese characteristics.

On my part, I came to the conclusion that openness is the key to future success. I firmly believe that China is making a serious effort to explore a balance to correctly use this key. This left a deep impression on people.

The fifth point is, as I heard here, a very sincere view — current events should not be viewed as a retrogression to the past and not too distant years of restriction and suppression. China said to its friends — and I am one of them — that Chinese nationals living abroad have not equated what is happening at present with the past exceptional practices and have termed it persecution or a movement.

The source of the problem we are discussing today can be traced to the previous generations of the Chinese people. However, as far as I know, it does not represent a turning point for a deviation from the developmental trend over the last few years.

From this I derived my sixth point, which was also repeatedly stressed. There are good reasons to explain why the turning point will not occur. China has been conducting reforms for many years which are highly effective in practice and have brought an improvement in the Chinese people's living standards. This shows that China will not abandon its effective reforms. This is what the Chinese leaders have told me and I must say this is reasonable. I have no reason to doubt the sincerity shown when they made these remarks. I can say with certainty that this idea came from the highest echelons of leadership.

The last point is one I think is irrefutable today, that is, greater openness is necessary. A country with the most creative people's thinking which bans openness will stagnate and the future will leave it behind at an astonishing speed. It will be difficult for it to catch up. So I was told that China would continue to pursue its Chinese-style openness. China will become modernized in the future. At present China has unique problems and unique strength. I was informed that under the future objective and real conditions, China would use its strength to solve its difficulties on an irrefutably severe road.

At this point, it had already taken Mr Shultz 6 and 1/2 minutes to answer my question. Taking up the thread of the conversation, he humorously told this reporter that I had gotten more than I expected and that he believes such an issue is an important one. As you have seen, he said, I have pondered the issue and worked hard to explain my thoughts on this conscientiously and in greater detail.

With a little joke by the Secretary of State, the seemingly excessively severe atmosphere resulting from the strict security checks prior to the meeting became considerably relaxed all at once.



XINHUA REPORTS DPRK PROPOSAL ON TALKS WITH SOUTH

OW041151 Beijing XINHUA in English 1059 GMT 4 Mar 87

["It's Time for South Korean Authorities To Show Sincerity for Reunification (by Gao Haorong)" -- XINHUA headline]

[Text] Pyongyang, March 4 (XINHUA) -- The Government of the Democratic People's Republic of Korea (DPRK) has in the past year made several moves for the reunification of the country. But the South Korean authorities have so far failed to respond toward this end.

President Kim Il-song proposed at the end of 1986 that the two sides hold high-level political and military talks and the premier and the minister of the People's Armed Forces also put forward concrete proposals in regard to the talks. However, the South side differed by proposing that the two sides resume parliamentary, economic and Red Cross dialogues and reiterated its demand for holding summit talks. To break the deadlock, DPRK Premier Yi Kun-mo and Minister of the People's Armed Forces O Chin-u wrote a joint letter yesterday to their counterparts No Sin-yong and Yi Ki-paek in the South.

They compromised in the letter that the two sides can renew the parliamentary, economic and Red Cross dialogues while holding the high-level political and military talks.

In addition, the DPRK leaders withdrew their demand that the two sides discuss the controversial "Kumgangsan Power Station issue" only on condition that the South apologizes for their action in the past, saying they can discuss the issue in the high-level talks.

The DPRK leaders also came to terms by proposing that after the successful resumption of these talks and dialogues, the summit talks can be held as soon as possible.

It should be noted that these compromises by the DPRK were made against the background that the United States and South Korea are engaged in their present large-scale "Team Spirit 87" military maneuver.

The DPRK has gone further by proposing that the two sides hold the first high-level political and military talks on March 26, breaking its traditional practise of refusing to have dialogues with the South while the latter holds military exercises with the United States. Observers here believe that the compromises by the DPRK show the sincerity of the North for the reunification of Korea. In light of the DPRK's generosity, South Korean authorities may show a bit of sincerity and be more flexible.

BEIJING REVIEW DISCUSSES DPRK PROPOSAL ON TALKS

OW170945 Beijing BEIJING REVIEW in English 16 Mar 87 p 12

[Article by Xu Baokang: "A Sincere Proposal To Break the Deadlock"]

[Text] On March 3, DPRK Premier Yi Kun-mo and Minister of [The] People's Armed Forces O Chin-u sent a letter to their South Korean counterparts No Sin-yong and Yi Ki-paek proposing to hold a round of North-South, high-level, political and military conferences. The letter also suggests resuming the dialogue between the two parliaments, their economic leaders and Red Cross organizations.

The government of the DPRK has, in the past year, made several moves for the reunification of the country. President Kim Il-song made a similar proposal at the end of 1986. Then again on January 10 and 28 of this year, the DPRK premier and minister of the People's Armed Forces sent separate letters, putting forward concrete proposals with regard to the talks.

However, the South demurred, proposing that the two sides resume only the parliamentary, economic and Red Cross dialogues, and reiterated a demand to hold a summit conference between the two top leaders of both sides.

To break the deadlock, DPRK Premier Yi Kun-mo and Minister of the People's Armed Forces O Chin-u wrote the January letters to their counterparts in the South in which they agreed to reopen the multichannel dialogues, but noted that for the summit talks to be a success it would require more time for a full preparation and a more favourable atmosphere were needed.

It should be noted that these proposals by the DPRK were made against the background of joint U.S.-South Korea military manoeuvres in South Korea. The large-scale "Team Spirit-87" military manoeuvre has been a major barrier to holding North-South talks. In 1985, the North-South talks had to be suspended as a result of the "Team Spirit 85" military manoeuvre. The present "Team Spirit 87" military manoeuvre has damaged the atmosphere for holding any North-South talks, but the DPRK, taking the interest of the whole Korean nation into account, made some concessions.

Meanwhile, in the latest letter, the DPRK also agreed to discuss the issue of the construction of the Kungangsan Power Station in future high-level political and military talks. This project has been a major point of contention between the two sides. South Korea strongly opposes the construction of the Kimgangsan Power Station, believing that it would pose a grave threat to its security. The DPRK has reiterated that the project is aimed at peaceful use and would not constitute a threat to the South.

#### PRC PROTESTS JAPAN DECISION ON DORMITORY

OW111219 Tokyo KYODO in English 1211 GMT 11 Mar 87

[Text] Beijing, March 11 KYODO — China issued its strongest protest yet against an Osaka High Court ruling Wednesday, saying its national interest had been damaged.

The ruling, last week, granted Taiwan the ownership of a dormitory used by Chinese students in Japan.

The protest was made by the Foreign Ministry in response to an inquiry by KYODO NEWS SERVICE over a Japanese representation sent to the Chinese Government over the issue.

The note delivered to the Foreign Ministry by Japanese Ambassador Yosuke Nakae Friday said the government was unable to intervene over the ruling under the democratic principle of the separation of powers.

The Foreign Ministry statement said the ruling concerned an important political principle involving relations between Japan and China.

It said the ruling was designed to create two Chinas and caused damage to China's national interests.

WU XUEQIAN CONTINUES VISIT TO ITALY, MEETS LEADERS

## Explains Reform

OW171524 Beijing XINHUA in English 1516 GMT 17 Mar 87

[Text] Rome, March 17 (XINHUA) — China's foreign minister explained his country's domestic reforms and peaceful foreign policy during meetings with Italy's leaders this morning on the second day of his visit.

Foreign Minister and State Councillor Wu Xueqian also expressed satisfaction with the development of bilateral ties during talks with Italy's President Francesco Cossiga, Senate President Amintore Fanfani and Chamber of Deputies President Leoluca Orlando.

Cossiga said China's achievements would play an important part in world peace, stability and development.

Italy and other Western countries considered China's economic restructuring important and were willing to help China, Cossiga added.

Wu arrived here yesterday afternoon after visiting Bulgaria, the first visit by a senior Chinese diplomat since 1949.

## Wu Meets Craxi

OW180720 Beijing XINHUA in English 0711 GMT 18 Mar 87

[Text] Rome, March 17 (XINHUA) — The Italian Prime Minister, Bettino Craxi, today met with the visiting Chinese Foreign Minister, Wu Xueqian. During the meeting this afternoon, Wu, also a state councillor, said that China will unswervingly adhere to its reform and open policies.

Wu talked on China's domestic situation and conveyed greetings from Chinese leaders Deng Xiaoping and Premier Zhao Ziyang on the second day of his visit.

Craxi said Italy and China should increase exchange visits and other bilateral contacts to promote better understanding. Italy will strive to develop political relations and will also provide economic aid, he added.

This is the fourth stop on Wu's seven-nation European tour. He arrived Monday after visiting Czechoslovakia, Poland and Bulgaria. After Italy, he will visit the tiny republic of San Marino, Federal Germany and Switzerland.

ITALY, PRC SIGN 3-YEAR ECONOMIC COOPERATION ACCORD

AU241301 Rome ANSA in English 1250 GMT 24 Feb 87

[Text] Beijing, 24 Feb (ANSA) — Italy and China signed a new three-year economic cooperation agreement Monday which includes a package of Italian aid credits and grants totalling 190 million dollars for industrial projects in China.



Signing for Italy was the head of the Foreign Ministry's Department of Development Cooperation, Patrizio Schmidlin.

Chinese Deputy Premier Yao Yilin, discussing the third Sino-Italian agreement of its type signed since 1981 with the Italian delegation, said his country is satisfied with the course of bilateral economic relations and intends to continue unchanged its policy of opening abroad.

The new agreement will provide funding for Italian participation in areas which China has given priority to. These include energy, transport and chemicals. The two sides will also explore prospects for work civilian infrastructure and telecommunications.

Of the 190 million dollars allocated for the accord, forty million is in the form of grants and the remaining 150 million in the form of aid credits. The grants will be used to finance projects in the fields of public health, agriculture, and professional training.

The aid credits will be extended at low interest rates.

#### CHEN PIXIAN MEETS ITALIAN CP DELEGATION 13 MAR

OW131302 Beijing XINHUA in English 1100 GMT 13 Mar 87

[Text] Beijing, March 13 (XINHUA) -- Chen Pixian, member of the Secretariat of the Chinese Communist Party Central Committee, met here today a women's delegation from the Italian Communist Party.

Chen welcomed the delegation on behalf of the Chinese Communist Party Central Committee. It is the first woman's delegation sent to China by the Italian Communist Party, and is led by Paola Bottoni, member of the Central Committee, secretary of the Emilia-Romagna Region of the Italian Communist Party and chairman of its women's committee.

Chen briefed the guests on China's political and economic situation.

#### SONG PING MEETS TURKISH MINISTER OF STATE

OW171220 Beijing XINHUA in English 1212 GMT 17 Mar 87

[Text] Beijing, March 17 (XINHUA) -- Chinese State Councillor Song Ping met and had a cordial conversation with Turkish Minister of State Vehbi Dincerler and his party here tonight.

After meeting, Song, who is also minister in charge of the State Planning Commission, gave a dinner for the Turkish visitors.

Turkish Ambassador to China Behic Hazer attended the meeting and dinner.

Earlier today, Chinese Minister in Charge of the State Economic Commission Lu Dong held talks with Dincerler and his party.

CANADIAN GOVERNOR GENERAL ARRIVES ON VISIT

OW160842 Beijing XINHUA in English 0816 GMT 16 Mar 87

[Text] Beijing, March 16 (XINHUA) -- Jeanne Sauve, governor-general of Canada, and her husband Maurice Sauve arrived here by special plane for a state visit to China at the invitation of President Li Xiannian. Jeanne Sauve is the first Canadian governor-general to visit China. It is a return visit to President Li's Canadian tour in 1985.

She was greeted at the airport by Cui Naifu, chairman of the Chinese Government reception committee and minister of civil affairs, and his wife and China's Vice Foreign Minister Zhu Qizhen.

Accompanying her on the visit are Monique Landry, minister of external relations, and her husband, as well as other high-ranking officials in the government. While in Beijing Jeanne Sauve is expected to meet with Chinese leaders.

Tomorrow morning President Li Xiannian will give a welcoming ceremony for the governor-general and her party at the plaza east to the Great Hall of the People.

Li Xiannian Welcomes Sauve

OW170302 Beijing XINHUA in English 0252 GMT 17 Mar 87

[Text] Beijing, March 17 (XINHUA) -- Chinese President Li Xiannian presided over a ceremony here this morning welcoming Canadian Governor-General Jeanne Sauve who arrived here yesterday on a state visit to China with her husband Maurice Sauve.

The ceremony which was held at the plaza east to the Great Hall of the People began with the playing of the national anthems of Canada and China amid the 21-gun salute.

At 10 a.m. when the Canadian governor-general arrived at the plaza in the company of Cui Naifu, chairman of the Chinese Government reception committee and minister of civil affairs, she was warmly greeted by President Li and his wife Lin Jiamai. President Li, who visited Canada in 1985, said that he was very glad to meet her again.

Accompanied by President Li, Mrs Sauve reviewed a guard of honor made up of men of three services of the Chinese People's Liberation Army. She met with 300 youngsters waving bouquets and streamers and dancing.

Present on the occasion were State Councillor Ji Pengfei and his wife Xu Hanbing and leading members of other government departments concerned.

Also present were Canadian Minister of External Relations Monique Landry and her husband, as well as other high-ranking officials in the government who are accompanying the governor-general on the visit.

After the ceremony Li Xiannian met Mrs Sauve and her party in the Great Hall of the People.



## Li, Sauve Hold Talks

OW170832 Beijing XINHUA in English 0822 GMT 17 Mar 87

[Text] Beijing, March 17 (XINHUA) — Chinese President Li Xiannian met with Canadian Governor-General Jeanne Sauve and her party in the Great Hall of the People here this morning. This is the second meeting between the two leaders in less than two years.

In a nearly one-hour-long meeting, Li recalled the days when he first met Mrs Sauve during his Canadian tour in 1985 and thanked Mrs and Mr Sauve for giving him [a] warm reception during the visit.

Mrs Sauve who visited China in 1973 in the capacity of minister of science and technology said during her current visit to China she expects to see China's progress since her last China tour and find out what the two countries can do in the field of their friendly cooperation.

Li spoke highly of the fact that Mrs Sauve and the successive Canadian Governments have consistently followed a friendly policy towards China and developed the Sino-Canadian relations.

He expressed the belief that Mrs Sauve's visit will promote friendship and exchanges between the two countries and the further growth of the friendly relations.

On [the] domestic situation, Li said some people in foreign countries were worried about a change in China's policy of opening to the outside world as a result of its current struggle against bourgeois liberalization.

He said: "I'd like to tell the governor-general that China's political line and all policies have been correct and remarkable progress achieved in its construction since the Chinese Communist Party convened its Third Plenary Session of the 11th Central Committee. So there are no reasons for us to change our political line and policies."

Li reaffirmed: "The way to oppose bourgeois liberalization is to present facts and reason things out with a view to maintaining a correct political orientation. In this regard, we will never broaden the scope."

On open policy, Li said: "It is our hope that China will be opened more widely to the outside world and will further speed up its development."

During the meeting the two sides also exchanged views on international issues of common interest. Present were Li Xiannian's wife Lin Jiamei, State Councillor Ji Pengfei and his wife Xu Hanbing.

## Li Stresses Open Policy

OW171343 Beijing XINHUA in English 1338 GMT 17 Mar 87

[Text] Beijing, March 17 (XINHUA) — Chinese President Li Xiannian reiterated here today that China will continue its reforms and open policy, and further its exchanges and mutually beneficial cooperation with all friendly countries, including Canada.

The Chinese president made this remark at a banquet he gave to welcome visiting Canadian Governor-General Jeanne Sauve and her party here this evening.

In his toast, Li said that China and Canada, both peace-loving countries, share many identical or similar views on international issues and have the common desire to expand mutually beneficial bilateral cooperation.

He said that Sino-Canadian friendship has a solid foundation. Since Prime Minister Mulroney's visit to China last year, there have been fresh and substantial results emerging from the friendly bilateral cooperation in the political, economic, scientific and technological, cultural, educational and other fields.

He noted that departments concerned of the two countries have held discussions several times on the use of various kinds of Canadian loans and assistance to China, and made satisfactory progress in this connection.

He disclosed that during the governor-general's visit, officials of the two countries will make friendly contacts to explore new channels for further enhancing the friendly cooperation between the two countries.

He said that the Canadian governor-general is an outstanding stateswoman as well as an old friend of the Chinese people.

He quoted the governor-general as saying: "Differences may exist in the principles and methods adopted by the two countries to define their goals, but they do not hamper our effective cooperation."

He said that he agreed with such a view and expressed the belief that the visit of the Canadian governor-general would further promote the friendly cooperation between the two countries.

Recalling her visit to China in 1973, Sauve said that while the treasures of its heritage have been retained, China now presents a new face to the world. She said that she and her party had come to obtain a better understanding of New China.

"We have discovered common interests, and become aware of the advantages of maintaining relations that can only benefit our two countries and contribute to the development of our peoples," she added.

She repeated that Canada would like to continue its exchanges with China, exchanges that in the years to come will benefit both countries and will consolidate the foundations the two countries have already laid.

She hoped that the two countries would examine other possibilities in every area of business, industry, research, medicine, education and technology.

"We seek the means to help one another and the way toward achievements that will contribute to improved conditions for our citizens. The undertakings that we have begun together show that we can keep on working hand in hand," she said.

Among those present at the banquet were President Li's wife Lin Jiamei, Chinese State Councillor Ji Pengfei and the Canadian governor-general's husband, Maurice Sauve.

The governor-general gave a tea party earlier today for Chinese officials who have visited or will visit Canada. Chinese Vice-Premier Li Peng and several ministers attended.

#### Minister Awards Students

OW171632 Beijing XINHUA in English 1534 GMT 17 Mar 87

[Text] Beijing, March 17 (XINHUA).-- Monique Landry, Canadian minister of external relations, today presented certificates to 29 Chinese students trained in Canada.

She made the presentation at the Beijing University of International Business and Economics. The trainees were students of the China-Canada Human Development Training Program sponsored by the Chinese Ministry of Foreign Economic Relations and Trade and the Canadian International Development Agency.

The program was set up in 1983 for the purpose of improving the professional ability of Chinese managerial staff and technicians in different fields. Since January 1985, some 178 trainees have completed their training in Canada and have returned to China.

Landry said that the training program adheres to the principles of cooperation and mutual benefit.

Landry arrived in Beijing today in the company of Governor-General of Canada Jeanne Sauve.

Landry and her party also visited the China-Canada Language Training Center at Beijing Teachers' University.

#### COSTA RICAN TRADE UNIONISTS MEET LUO GAN

OW051332 Beijing XINHUA in English 1327 GMT 5 Mar 87

[Text] Beijing, March 5 (XINHUA) -- Vice-President of the All-China Federation of Trade Unions Luo Gan, on behalf of President Ni Zhifu, met and feted a delegation from the Confederation of the United Trade Unions of Costa Rica led by its General Secretary Orlando Solano here this evening.

The visitors arrived here earlier today for a friendly visit to China at the invitation of the host federation. Besides Beijing, they will also visit Shanghai, Suzhou, Hangzhou and Guangzhou.

#### Meet NPC Vice Chairman

OW070816 Beijing XINHUA in English 0646 GMT 7 Mar 87

[Text] Beijing, March 7 (XINHUA) -- Liao Hansheng, vice-chairman of the Standing Committee of the National People's Congress, met here today a delegation from the Unitarian [as received] Confederation of Workers of Costa Rica, led by its General Secretary Orlando Solano.

STATE COUNCIL DECIDES TO SET UP TARIFF COMMITTEE

OW171335 Beijing XINHUA Domestic Service in Chinese 0256 GMT 17 Mar 87

[Text] Beijing, 17 Mar (XINHUA) -- To meet the needs arising from reform and opening to the outside world, and to enable tariffs to play a more efficient role in regulating imports and exports and in protecting and spurring domestic production, the State Council has decided to set up a tariff and tax regulation committee.

The major responsibilities of the committee are: to propose policies and principles for drawing up or revising "tariff regulations" and import and export tax regulations; to examine draft revisions of tax regulations; to draw temporary tariff rates (including import regulatory tariff rates); and to decide on local regulatory tariff rates.

The State Council has decided to appoint Wang Bingqian, state councillor and minister of finance, chairman of the committee, and Dai Jie, director of the general administration of customs; Tian Yinong, vice minister of finance; and Wang Pingqiang, vice minister of foreign economic relations and trade, vice chairmen of the committee. The office of the committee will be located at the General Administration of Customs Building.

CPPCC NATIONAL COMMITTEE STANDING COMMITTEE MEETS

OW180521 Beijing XINHUA Domestic Service in Chinese 0742 GMT 17 Mar 87

[Text] Beijing, 17 Mar (XINHUA) -- The second plenary session of the 14th meeting of the Sixth CPPCC Standing Committee was held at the auditorium of the CPPCC National Committee this morning.

Vice Chairman of the CPPCC National Committee Liu Lantao presided over today's meeting.

The meeting examined the draft report on the work of the Standing Committee of the Sixth CPPCC National Committee and the draft report on the handling of motions since the fourth meeting of the Sixth CPPCC National Committee.

The meeting approved the decision electing 46 new members of the Sixth CPPCC National Committee to fill the vacancies.

The meeting also examined a written report on visits to the Federal Republic of Germany, Austria, Belgium, and Czechoslovakia by delegations of the CPPCC National Committee, a written report on visiting and inspecting the Longyan old revolutionary base areas in Fujian Province, Guangxi Zhuang Autonomous Region, and Hainan Dao, a written report on speeding up the comprehensive development of the Panxi area, and a written report on suggestions regarding the administration of traditional Chinese medicine, and the import of technology.

Vice chairmen of the CPPCC National Committee attending the meeting were Yang Jingren, Lu Dingyi, Cheng Zihua, Kang Keqing, Qian Changzhao, Yang Chengwu, Lu Zhengcao, Zhou Feiyuan, Burhan Shahidi, Dent Zhaoxiang, Fei Xiaotong, Zhao Puchu, Liu Jingji, and Wang Enmao.



JIEFANGJUN BAO HAILS ARMY'S POLITICAL WORK RULES

HK061440 Beijing JIEFANGJUN BAO in Chinese 27 Feb 87 p 1

[Editorial: "Good Regulations on the Army's Political Work in the New Period"]

[Text] "The regulations of the Military Commission of the CPC Central Committee on the Army's political work in the new period," which were formulated at an enlarged meeting of the Military Commission of the CPC Central Committee in December last year after holding full discussion, soliciting opinions from all parts, and making repeated revision, have been officially promulgated with the approval of the CPC Central Committee. Under the guidance of Marxism-Leninism, Mao Zedong Thought and on the basis of the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, the "regulations" have blazed new trails on the basis of inheriting the Army's good tradition in political work, and correctly expounded and defined the guiding thought, main tasks, policies and basic methods of the Army's political work under the new situation of reform, opening up, and a strategic change in the guiding thought for Army building. The regulations play a very important and long-term guiding role in strengthening the work of building the Army into a revolutionary, modernized, and regular Army and in fulfilling the glorious task of defending and building the motherland. The regulations are good regulations for strengthening the Army's political work in the new period and are a historic document.

Political work is our Army's lifeline. This is a truth that has been proved repeatedly in the practice of the Army's struggle. Now that our Army has entered a new historical period, we are confronted with many new situations and problems in Army building. We must firmly seize the favorable opportunity provided by the relatively peaceful environment and take full advantage of the good conditions created by reform, opening up, and invigoration to strengthen the modernization drive and the building of spiritual civilization in the Army. We must also guard against carelessness and slackening, and resist the invasion of decadent capitalist and feudal ideas. We must not only arouse the enthusiasm of officers and soldiers for learning and mastering scientific and cultural knowledge, but must also guide them to study earnestly Marxism-Leninism, and Mao Zedong Thought, to raise their political consciousness, and to temper themselves in struggle. We must not only make the vast number of commanders and fighters have confidence in the future of the socialist motherland and the Army, but must also guide them in fully understanding the complex and arduous nature of the modernization drive, to correctly handle the relationship between the state, the Army, and individuals, and to carry forward the spirit of working and struggling hard and being ready to dedicate oneself. All these are closely related to effective political work. At present, a struggle against bourgeois liberalization is being carried out within our party, mainly in the political and ideological field. To make everyone understand the nature and far-reaching significance of this struggle, raise their consciousness in upholding the four cardinal principles, and resolutely and steadfastly stand in the forefront of the struggle, we must also strengthen political and ideological work. A large number of facts have proved that we must not weaken political work even a little in the new historical period, otherwise we will make historic mistakes. To meet this demand in the new period, the "regulations" have provided us with a basis for properly carrying out political work and a powerful ideological weapon for fighting bourgeois liberalization.

To properly carry out political work in the new period, we must first have a clear-cut guiding thought. On the one hand, the "regulations" expounded our army's historical responsibility and the role and position of political work. [paragraph continues]



These qualities are evaluated from the high plane of fulfilling three principal tasks, namely, building socialist modernization, reunifying the motherland, and fighting hegemonism and safeguarding world peace. On the other hand, the "regulations" made a historical review of the Army's political work, and especially examined, in an all round way, the damage and influence caused by Lin Biao and the "gang of four" to political work. On this basis, the "regulations" logically put forth the guiding thought for the Army's political work in the new period, namely, to serve our country's socialist modernization drive; to serve the purpose of building the Army into a modernized, regular, and revolutionary army; to ensure the army's absolute leadership over the army, and its nature as a people's Army; to ensure the building of socialist spiritual civilization in the Army; to ensure unity within the Army and the unity between the Army and government and between the Army and the people; and to ensure the upgrading of the Army's combat strength and the fulfillment of various military tasks. The "regulations" explicitly pointed out: Political work is our Army's lifeline. This is specifically reflected in the above efforts to serve and ensure things. This has fundamentally pointed out the orientation of political work and correctly handled the relationships between politics and political work; between political work and the party's leadership; between political work organs and military, logistical, and scientific research organs. It has solved a vague and controversial problem during a period of time and provided ample scope for carrying out political work. This is a great achievement in making order out of chaos in the field of political work and a creative achievement in the theory of political work.

Blazing new trails on the basis of inheriting fine traditions is an important topic in political work in the new period. Our Army has formed a good tradition of conducting political work in its protracted practice of revolutionary struggle. We must treasure these traditions, because they reflect the nature of our Army and are the most vital principles and elements of our Army's political work. They are very useful in strengthening Army building and upgrading the Army's combat strength. We must adhere to them at all times. However, these traditions must be developed continuously in connection with new situations. We must sum up new experiences in practice so as to give the traditions new substance. Without this inheritance, there will be no foundation for blazing new trails; without blazing new trails, there will be no genuine inheritance. The "regulations" put forth the policy of "respecting history, basing our work on reality, and having an eye on the future," which has summarized in a scientific way the basic principle and fine traditions of the Army's political work; seriously summed up the new experiences proved as dynamic in the practice over the past few years; greatly enriched our Army's political work treasure house; and made our Army's political work more systematic, theoretical, scientific, and standardized. The implementation of the "regulations" will certainly promote great development in political work.

How should political work be carried out under the new situation? This is a question everyone wishes to answer urgently. In accordance with the spirit of the resolution made by the CPC Central Committee on the guiding principle for building spiritual civilization and the guiding thought for the Army's political work and in connection with the Army's reality, the "regulations" proposed the following 8 tasks: to strengthen ideological education with emphasis on ideals and discipline; to perfect and develop the Army's democratic life; to foster the Army's fine style; to pay attention to scientific and cultural education and train qualified personnel for Army and civilian purposes; to strengthen political work in military training, scientific research, and logistics; to vigorously carry out the activities of soldiers and civilians jointly building spiritual civilization; to properly carry out grass-roots political work; and to strengthen the building of cadre ranks. The "regulations" also stressed that party committees, at all levels, must become a strong core in leading and uniting all armed forces. [paragraph continues]

The regulations have not only put forth tasks, but have also defined the principles and policies that must be adhered to. They not only put forth specific demands and measures suited to the current situation, but have also summarized some basic experiences with regularity. Provided that we act upon these and carry them out in a down-to-earth manner, it is possible to bring into full play the role of political work in serving and ensuring the building of our Army into a modernized and revolutionary Army.

The "regulations" have integrated theory with practice, and inheritance with development, and have expounded a series of basic problems in the Army's political work. With substantial contents, the regulations have strong theoretical and ideological features and aim to solve practical problems. They are a programmatic document for strengthening the Army's political work in the new period. All comrades in the Army, especially party committees, political organs, and political work cadres at all levels must earnestly study and fully understand the regulations and seriously implement them in practical work. This is not an easy job and hard work is needed. We should not study and implement the regulations just for a short time, but must often study and constantly implement the regulations in connection with work and ideological reality in the Army. Provided that we earnestly study and properly implement the regulations, there will be a new situation in the Army's political work and Army building.

#### JIEFANGJUN BAO PRINTS PLA AUDIT WORK REGULATIONS

HK171040 Beijing JIEFANGJUN BAO in Chinese 3 Mar 87 p 2

[Report: "Regulations on Auditing Work of the Chinese People's Liberation Army (For Trial Implementation)"]

[Text] With the approval of Central Military Commission Chairman Deng Xiaoping, the "Regulations on Auditing Work of the Chinese People's Liberation Army" were promulgated and put into trial implementation throughout the Army on 20 February. The full text of the regulations is as follows:

#### Chapter 1. General Provisions

Article 1. These regulations are formulated in light of the PRC Constitution and the State Council's stipulation on setting up auditing organs in the Army and exercising auditing supervision.

Article 2. The Army's audit work is a component of the state's auditing system. The auditing organs in the Army are institutions to exercise auditing supervision on behalf of the Army.

Article 3. The Army's Auditing Department exercises audit supervision over financial income and expenditures; the management of equipment, materials, and other property; and the economic results of various departments, enterprises, institutions, and other production units at various levels to strictly enforce the Army's financial discipline, achieve better economic results in the use of funds and materials, promote the fulfillment of various tasks, and facilitate the Army's process of revolutionization, modernization, and regularization.

Article 4. The Army's auditing organs should conduct auditing supervision in light of state laws, the economic and financial laws and regulations, and the Army's unified financial regulations and relevant rules.

The Army's auditing organs independently exercise their audit supervision power without being interfered in by any unit or individual.

## Chapter 2: Auditing Organs

Article 5. Auditing organs at various levels in the Army are set up in light of the relevant stipulations laid down by the Central Military Commission.

In units in which no auditing organs are set up or no auditing personnel are appointed, the finance section of the Logistics Department is responsible for the audit work.

Auditing organs should be set up in all large and medium-sized enterprises and their management departments at the upper level.

Article 6. The audit work of auditing organs at various levels is subject to the leadership of the chief of the unit, and the auditing organs are subordinate to the Logistics Department. Their work is organized and unfolded in light of the Army's logistics and supply system.

The PLA Auditing Bureau is under the direct leadership of the leader of the Central Military Commission. It is responsible for leading and organizing the whole Army's auditing work. Its routine work is guided by the PRC Auditing Administration. It is answerable to the leader of the Central Military Commission and the State Auditing Administration.

The auditing bureaus of various military regions are under the leadership of the commanders of the military regions and are responsible for the audit work at the military region level and in the subordinate units. Their routine work is subject to the guidance of the PLA Auditing Bureau. They are answerable to the commanders of the military regions and to the PLA Auditing Bureau.

The auditing offices of various Army units are under the leadership of the leaders of the Army units and are responsible for the audit work at the same level and in the subordinate units. Their routine work is subject to the guidance of the auditing organs at the upper level. They are answerable to the unit leaders and the auditing organs at the upper levels.

The auditing organs of the large and medium-sized enterprises and the management departments concerned are under the leadership of the principal leaders of the enterprises and departments and are responsible for auditing the financial income and expenditures and economic results of their enterprises and departments. Their routine auditing work is subject to the guidance of the auditing organs at the upper level. They are answerable to the leaders of the enterprises and departments and to the auditing organs at the upper level.

## Chapter 4. The Main Tasks, Functions, and Powers of the Auditing Organs

Article 7. The main tasks of the auditing organs include:

1. To carry out audit supervision over the use of budgetary funds, implementation of the budget, and the income and expenditure of extrabudgetary funds, other funds, and foreign exchange funds, as well as their turning over to the upper level.



2. To carry out audit supervision over the purchase of equipment and the use results of important materials and Army property.
3. To carry out audit supervision over the plans, appropriations, and final accounts for capital construction projects.
4. To carry out audit supervision over the business activities and economic results of the enterprises and other production units.
5. To carry out audit supervision over the strictness and effectiveness of the internal control system.
6. To set up special audit cases to investigate such law-breaking and discipline-breaking actions as embezzling state funds or state property, causing serious waste, and harming the interests of the state and the Army.
7. To execute various auditing regulations. To participate in the formulation of auditing regulations and system and participate in the research of major economic and financial policies and regulations. To fulfill the audit tasks assigned by the leader of the unit or by the auditing organs at the upper level.
8. To organize the professional training of the auditing personnel, carry out academic studies, and exchange information and audit work experience with each other.

Article 8. The main functions and powers of the auditing organs include:

1. To examine the plans, budgets, final accounts, routine accounts, vouchers, statements, materials, property, and all relevant documents and data of the units subject to the audit. The audited units must provide all such things for auditing and must not refuse to do so or try to conceal anything. For projects that are required by the auditing organs to be subject to audit in advance or to submit a financial report for audit and approval, their annual statements must first be approved by the auditing organ before they are submitted to the upper authorities. If the Finance Department has any different opinion, they should consult with the auditing organ to reach agreement.
2. To have the right to attend the relevant meeting of the unit or the audited unit.
3. To have the power to investigate and verify the problems discovered in the audit process, to take proof materials, and to copy, reproduce, photograph, and take record of the relevant documents, materials, and articles on the spot. The units, departments, and individuals concerned must actively cooperate with auditing organs and must not lay any obstacle to the investigation.
4. To have the power to order the audited units to correct their actions in violation of the financial regulations of the state and the Army to check losses and waste, and the audited units and departments concerned must not refuse to accept these orders.



5. To have the power to make decisions on confiscating the illegal income of the law-breaking or discipline-violating units, freeze their funds or property, deduct or stop appropriations, and impose fines in light of the relevant state laws or the Army's relevant regulations, and to notify and supervise the execution of these decisions by the audited units and the departments concerned. The audited unit and the departments concerned must not refuse to execute these decisions.

6. If a unit obstructs, rejects, or undermines audit work, the audit organ can, if necessary, take such actions as sealing the account books, funds, and property, then affix the responsibility of the direct responsible people and relevant leaders.

7. To issue circulars on major cases of violating economic and finance discipline and commend units and individuals of outstanding performance in observing and maintaining economic and financial discipline.

#### Chapter 4: The Procedures of Audit Work

Article 9. Working out the plan for audit work. The PLA Auditing Bureau will work out the whole Army's annual audit work plan in light of the Army's central task and the instructions of the leader of the Central Military Commission. The auditing organs at the military region level or below will work out their annual audit work plans in light of the annual plans of the upper auditing organs and the instructions of the leaders of their units and in connection with their actual conditions. Their work plans will be submitted to the unit leaders for approval and submitted to the upper auditing organ for record.

Article 10. Determine the objects of audit and working out auditing schemes. The auditing organs at all levels, in light of their annual work plan and the tasks assigned by the upper leadership, will determine the concrete objects of audit and draw up audit work schemes, which include the scope, content, form, and time of audit. The work schemes will be submitted to the leadership for approval before they are executed.

Article 11. Determine audit forms. The auditing organs, in light of concrete conditions, will take a variety of audit forms:

1. Submitting reports for audit. In light of the audit work plan, the audited units and departments are required to regularly and irregularly submit their relevant financial statements, vouchers, account books, and other materials to the auditing organs for audit.

All departments should submit their financial budgets, accounts, and relevant regulations and data in light of the stipulations to the audit organs.

2. On-the-spot audit. In light of the established audit schemes, auditing groups are sent to the audited units to conduct audit.

3. Entrusting audit. The auditing organs entrust some units to conduct audit.

4. Joint audit. The auditing organs join hands with other organs or departments in conducting audit.

5. Other audit. Other audit forms are taken in light of different conditions.

**Article 12. Issue audit notices.** In light of the audit work schemes, the audit organs notify the audited unit about the scope, content, forms, requirements, and time of audit.

**Article 13. Put forth audit reports and make audit decisions.** After completing the audit, the auditing group will make a comprehensive study and write an audit report, which includes the scope and content of the audit, the problems discovered through audit, and the opinions and proposals for handling these problems. The audit report should be attached with proof materials and relevant data. The audited unit's reaction to the audit report should be learned, and the audited unit should submit its written opinion on the audit report within a set time. The audit report should be reexamined by the auditing organ that sent the auditing group and should be submitted to the auditing organ at the higher level and to the leader of the unit. According to the audit report, the auditing organ should make decisions on handling violations of the financial discipline of the state and the Army, notify the audited unit and department concerned, and supervise the implementation of this decision. For people who are responsible for serious violation of the state finance discipline, the auditing organ will put forth a proposal for disciplinary measures to the leading organ; those who violate criminal law should be sent to the judicial organ for punishment.

**Article 14. Double audit.** If the audited unit has any disagreement about the audit conclusions and decisions, it should appeal to the auditing organ at the higher level for double audit within 10 days. When receiving the double audit application, the auditing organ at the higher level should conduct the double audit within 30 days. This can be postponed in the case of special conditions. In the course of double audit, if any concealment and audit mistakes are discovered, the audit conclusion should be made again. The conclusions and decision of double audit should be conveyed to the audited unit and to the original auditing organ. In the period of double audit, the conclusion and decision of the first audit should be implemented. The auditing organ at the higher level has the right to correct improper conclusions and decisions made by the auditing organ at the lower level.

**Article 15. Keep audit files.** The auditing organs at all levels must keep audit files for every audit item and case, and files should be kept regularly or on a long-term basis for the purpose of reference. The files must not be destroyed without the approval of the upper authorities.

#### Chapter 5: Auditing Personnel

**Article 16.** The auditing personnel must continuously improve their ideological and moral standards and scientific and cultural attainment, must adhere to the four cardinal principles, and should receive professional training. They should have comparatively high political consciousness, a strong sense of policy and discipline, and can serve the Army wholeheartedly.

**Article 17.** The auditing personnel should study and master the state's financial and economic laws, regulations, and policies and the Army's financial affairs regulations and systems. They should be familiar with finance and accounting theory, have economic management and military knowledge, and have professional auditing knowledge.

**Article 18.** The auditing personnel must abide by law and discipline, be honest in performing their public functions, be realistic and impartial, be keen on making investigations and studies, rely on the masses, be faithful to their public duties, and tightly keep secrets.

**Article 19.** Auditing personnel who make remarkable achievements in their work should be commended and praised. [paragraph continues]

Those who neglect their duties and violate law and discipline should be strictly punished; those who violate criminal law must be brought to court for trial and sentence.

Article 20. The auditing personnel should remain relatively stable. The appointment and removal of the responsible persons of the auditing organs should first be based on the opinion of the auditing organ at the higher level.

Article 21. The auditing personnel are protected by law when they perform their auditing duties, and no unit or individual is allowed to retaliate against them. Those who so retaliate must be severely punished; and those who violate criminal law should be brought to court for trial and sentence.

Article 22. The professional positions and titles of the auditing personnel are determined in light of the relevant stipulations of the state and the Army.

Article 23. In light of the needs in auditing work, the auditing organs can hire professional people through public advertisement. In the tenure, the hired professionals enjoy the same powers and rights as the auditing personnel.

#### Chapter 6: Supplementary Provisions

Article 24. Units and individuals who violate these regulations will be punished and be subject to economic or administrative disciplinary measures; those who violate criminal law and who are directly responsible for the violation of criminal law will be brought to the judicial organs for punishment according to law.

Article 25. These regulations are explained by the PLA Auditing Bureau. The auditing system and procedures are promulgated and implemented by the General Staff Headquarters, the General Political Department, and the General Logistics Department.

Article 26. These regulations shall go into effect on the same date they were promulgated.

#### JIEFANGJUN BAO Commentary

HK171118 Beijing JIEFANGJUN BAO in Chinese 3 Mar 87 p 2

[Commentator's article: "Strengthen the Army's Auditing Work"]

[Text] Central Military Commission Chairman Deng Xiaoping signed and issued an order to implement the "PLA Regulations on Auditing Work" on a trial basis in the whole Army. This is the first integrated and systematic set of regulations on auditing work in our Army's history. Its promulgation is of great significance in promoting our Army's revolutionization, modernization, and regularization.

The construction of the Army must rely on certain economic strength, and all economic activities of the Army should be subject to auditing supervision. [paragraph continues]



If the Army's auditing work is handled properly, the limited funds and materials will achieve better economic results, which is favorable to both the Army's construction and the state's economic construction. If the auditing work is neglected or relaxed and if there is no necessary financial supervision, the Army's funds and materials would not be used correctly and reasonably, which would add more economic burdens to the state. The irregularities in economic management would also corrupt some people. In recent years, some 80 percent of the cases involving violation of law and discipline in the Army were economic cases. This also shows from the negative aspect that strengthening auditing supervision is not only a matter in the economic field, but is also a necessary step for setting right the party style, enforcing the Army's discipline, and ensuring a correct ideological style among the troops.

Strengthening auditing supervision over the military economy is an indispensable part of the Army's regularization. Our military economic work must be based on some established laws and must strictly observe these laws, and any violation of these laws must be checked. This is required by the need of the overall interests of the state and the Army, and is also a common desire of our officers and soldiers. It is a task in the fundamental construction that we must fulfill. Constant and regular auditing work can gradually replace the annual and additional financial examinations in the Army.

In order to implement a law, we should first understand the law through serious study. Auditing work is a new subject in our Army's work, and many people still do not understand its task, significance, and role. We should, therefore, give publicity to it. The study of the auditing regulations should be taken as a part of the legal education among the officers and soldiers so that they will understand and support the auditing work. As the auditing work has just begun in our Army, the system has yet to be perfected, and the professional quality of the auditing personnel has yet to be raised. Meanwhile, some relevant work should also be coordinated. All this needs the full support of the party committees at all levels. The party committees should listen to the opinions of the auditing personnel and help them resolve actual difficulties. Cadres in charge of auditing work, at all levels, should diligently study professional knowledge, boldly participate in practice, continuously improve their ideological and professional quality, cooperate closely with the departments concerned, and open a good situation through their successful work. With all people's joint efforts, we will certainly open a road in handling the Army's auditing work.

#### JIEFANGJUN BAO ASSESSES FIRST SATELLITE STATION

HK180336 Beijing JIEFANGJUN BAO in Chinese 10 Mar 87 p 1

[Report: "China Completes the Building of Her First Ground Satellite Communications Station"]

[Text] China's first ground satellite communications station, which was built to ensure China's astronautic communications, recently passed the test of being linked to the international satellite communications network through the satellite launching center in Jiuquan. On 5 March, China received a special letter from the International Satellite Organization, which officially approved the connection of China's ground station with the existing international network.

In the past, China's astronautic communications mainly relied on wired and short-wave radio communications facilities. With the rapid development of the astronautic industry, it is urgently necessary for China to change the astronautic communications conditions. Therefore, the authorities concerned have decided to set up ground satellite communications stations in various launching centers, observation and monitoring centers, and space survey stations. The relevant factories subordinate to the Ministry of Astronautics Industry, relying on their own technical strength and learning from absorbing advanced foreign technologies, have solved a series of technical difficulties and problems for the building of our country's own astronautic communications network. The ground satellite communications station in the Jiuquan Satellite Launching Center is the first ground station of this kind in our country's astronautic communications network.

Satellite telecommunications will not only guarantee the unblocked conditions of telephone, telegraph, telex, and digital communications links and improve the quality of telecommunications, but can also immediately and clearly transmit data about the working conditions of the rockets and satellites before launching and about their flight orbits, parameters, and graphics to various observation and controlling stations. This will raise the level of astronavigation organization, command, observation, controlling, and automation. This technology will also enable our country to more smoothly promote the business of launching satellites for foreign clients.

#### PLA APPLIES COMPUTER SOFTWARE WITH GOOD RESULTS

OW180343 Beijing XINHUA Domestic Service in Chinese 1140 GMT 17 Mar 87

[By reporters Jie Yanzhen and Wu Dongfeng]

[Text] Nanjing, 17 Mar (XINHUA) -- Computer software, a rapidly developing science, has been gradually applied to Chinese military affairs. Currently, over 100 software programs and 1,000 subsystems are providing useful information for the Army, and serving its modernization drive. According to a recent disclosure by an expert of a relevant department, computer software has been extensively used by the Army in eight areas, including quantitative military strategy research, simulated weapon research and development, optimal battle plans, simulated educational training, scientific management of logistic supply, systematic troop management, and information services. For example, a group army under the Beijing Military Region has achieved marked results in applying fuzzy mathematics to reform its combat command system. Meanwhile, the headquarters of the Nanjing Military Region has successfully computerized its filing system. The hundreds of computer software programs developed by the Army in recent years are reasonably structured, functionally comprehensive, operationally steady and reliable, and highly efficient in material collation. They have reached an advanced world level.

#### ZXS VIEWS 'NEW THINKING' OF ECONOMIC PROFESSOR

HK161526 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0333 GMT 16 Mar 87

[Report by reporter Xu Hong [1776 3126]: "Professor Li Yining's New Thinking"]

[Text] Beijing, 16 Mar (ZHONGGUO XINWEN SHE) -- At the beginning of the new school term, Beijing University professor Li Yining put forth "the idea of a mixer."

This is new thinking on China's economic reform theories put forth since his return from lectures in Hong Kong in the first 10 days of January. In this idea, he links the market graphically with a large-sized mixer and equates various resources with ingredients to be mixed. He considers that after various resources are fed into the market, they should be allowed to operate continuously. After a given period of being "mixed," they can possibly be deployed in a balanced and rational manner.

He says that the force behind the operation of the market mechanism lies in enterprises and individuals involved in market activity. The more active they are, the smoother the operation of the market, with various resources fed into the market being made up more freely and effectively.

This is a way of thinking hitherto upheld by Li Yining. Based on his system of economic theories, the market mechanism is often the starting point in a study of problems. To solve the knotty problem of how to rationally deploy resources in national economic management, drawing on the "idea of a mixer" once again, he stresses that in China's economic reform, we must show full respect for, and give full play to, the role of the market mechanism.

This idea was put forth for the first time by Li Yining in giving the first lecture to college students on "management of the national economy" on 18 February this year. This course had to be switched to the largest classroom in the university because of an unexpectedly large audience. Even so, those who come to listen to his lectures must show up early to claim a seat. If they are late, they will find the classroom with a seating capacity of 300 already fully packed.

Given new viewpoints, new ideas, and new theories being continuously put forward by him and especially given his independent thinking on China's economic reform, courses started by him have become very popular in the university. The works he has written have also become the favorites of young students.

His latest published work, "Socialist Political Economy," is a masterpiece. The first edition has sold out. Book commentaries have judged "this work as one representing a brand new Li Yining system." "It marks a revolutionary change in the existing idea guiding economic policy." "It pioneers a new way of thinking in using modern macroeconomic and microeconomic analytical methods to study socialist political economy." The Commercial Press, which printed this work, and the Xinhua Book Store, as its distributor, have received a total of several thousand letters from readers requesting a reprint.

The theory of Li Yining as a representative of China's new school of economic thinking has been increasingly given attention and cherished by society. Last year, he successively put forward such theories as "the idea of second regulation," "the idea of a balance not being the goal," "the idea of reforming the system of ownership," and so forth. He was also the first to design the blueprint for China's practice of the stockholding system and the dual economic pattern.

Li Yining told this reporter: "In economic reform, experiences must be continuously summed up and the results achieved must be continuously continuously consolidated and digested. But domestic exploration of economic reform theories has never ceased. Nor has it ever been interfered with." This year, he will continue taking charge of an important project in the state's Seventh 5-Year Plan, "The Study of the Mechanism for the Operation of China's Socialist Commodity Economy." This is a new attempt at exploration to quantify his economic reform theories.



ROUNDUP COVERS DEVELOPING SHIPBUILDING INDUSTRY

HK171448 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1333 GMT 13 Mar 87

[Roundup by reporter Jin Guolin [6855 2654 2651]: "China's Shipbuilding Industry Has Become a Force To Be Reckoned With"]

[Text] Beijing, 13 March (ZHONGGUO XINWEN SHE) -- Today, when the world's shipbuilding capacity is greatly excessive and the world's ship market is dwindling, China has gradually gained a place in the international ship market and has displayed a competitive power not to be belittled thanks to the high quality and low production costs of its ships and its good reputation. The tonnage of ships built by the shipbuilding enterprises under the China Shipbuilding Industry Corporation has grown continuously in the past few years. The average annual growth during the period from 1980 to 1985 was 13.6 percent. In 1986, the tonnage reached 845,000 tons, more than 18 percent over the previous year. It is expected that the shipbuilding capacity of this corporation will exceed 1.2 million tons in 1990. Since competition in the international ship market tends to become increasingly more acute, China has concentrated its efforts on developing first-rate modern ships according to international standards, thus narrowing the gap between China and other countries with a flourishing shipbuilding industry within just a few years. Last year, China built a 69,000-ton ship for chemicals and oil products and a 115,000-ton oil tanker for transportation. The building of such ships indicates that the shipbuilding technology of China's mainland has reached today's advanced world level.

A complete shipbuilding system including scientific research, design, production, and manufacture of matching parts and components has taken shape in China. This system has more than 530 shipyards for building steel ships and more than 160 plants specialized in manufacturing matching parts and components for ships. It can build ships according to any international standard, for any navigation line, and for hoisting any national flag. All the 13 ships built for export last year used main engines made in China, thus changing the situation of importing main engines. In addition, China has also built large shipbuilding bases for the export of ships in Dalian, Shanghai, and Guangzhou so that China has caught up with other countries in shipbuilding. Hu Chuanzhi, general manager of the China Shipbuilding Industry Corporation, forecast that in the 1990's, China's shipbuilding capacity will jump from seventh to third place in the world.

Since its ships entered the international market in 1979, China has received foreign orders for 158 ships amounting to nearly 1.61 million tons, of which 119 ships with a total of 925,000 tons have been accepted and put into operation by their owners. It is expected that China will undertake to build ships with a total of 30,000 tons for export this year, 24 percent over last year.

China has a vast domestic market for its shipbuilding industry. It has to build 9 million tons of ships either to meet increased needs or to replace old ships for ocean going, coastal, and inland river transportation before 1990. Domestic orders for large numbers of ships is a powerful guarantee for the development of China's shipbuilding industry. China was one of the first countries in the world to use sea water to make salt and to develop sea navigation, and its shipbuilding industry and navigation once flourished. At present, China's shipbuilding industry has again risen abruptly in the world. Huskinson, chairman of the British Lloyd's Register of Shipping, said that China will become one of the world's strongest countries in shipbuilding in the future.

RENMIN RIBAO ON CHINA'S INDUSTRIAL POLICIES

HK160929 Beijing RENMIN RIBAO in Chinese 2 Mar 87 p 5

[Article by Zhang Shuguang (1728 2962 0342): "Production Policy, Its Design and Application"]

[Text] The Seventh 5-year Plan has an outstanding characteristic, that is, while laying down a series of economic and social development targets, it includes a series of development policies for the first time. It is gratifying to see that many departments have started to work out their own development policies. In this article, I would like to express my personal views on some questions concerning the design and application of the industrial policies.

The Nature and Role of Industrial Policies [subhead]

Industrial policies are the summation of means and measures adopted for guiding industrial development, planning industrial development targets, and readjusting the mutual relations between different industrial fields and their structural changes. They constitute an essential component part of the entire structure of economic policies. With the shift of the operation and development of the national economy onto indirect management, planning, and control, the design and planning of industrial policies has become the essential means to guide industrial development and structural transformation.

First, since they impact on the short term balance of economic operation, industrial policies constitute a long-term policy dealing mainly with economic development. An industry and a structure, once established and formed, are characterized by structural rigidity. The fundamental transformation of the existing structure is possible only through long-term efforts and through the reorganization of the existing industries and establishment of new ones. For this reason, the impact and role of industrial policies are manifested in affecting the long-term development of the economy.

Second, the role of industrial policies produces an impact on production through promoting or restricting the development of certain industries and readjusting their structures, thus affecting the total amount of social supply and its setup. If the financial and monetary policies can readjust supply as well as demand, particularly social demand, industrial policies can produce an impact on demand, particularly in readjusting and producing an impact on social demand.

Third, as a macroeconomic policy, industrial policies can affect the development of the microscopic economy. Industrial policies have different layers which include industrial policy of the state as a whole and industrial policy of various regions, departments, and trades. Industrial policies of regions, departments, and trades play a role of overall significance, to say nothing of the state's industrial policies.

The Main Contents of Industrial Policies [subhead]

Industrial policies constitute a complicated policy structure which include industrial policy of different layers and cover much ground. In light of the experience guiding industrial development and structural transformation at home and abroad, they mainly include: industrial setup policy, industrial organization policy, industrial promotion policy, and industrial restriction policy.

## 1. Industrial setup policy.

In the past, China practiced the industrial setup policy of taking steel as the key link and giving priority to the development of heavy industry. In order to readjust the irrational industrial setup, China implemented the industrial setup policy of giving priority to the development of energy and communications, scientific and technological education, and speeding up the pace of agriculture and light and textile industry in recent years and achieved marked results. In the years to come, we should continue to focus on the development of energy, communications, agriculture, and light and textile industry. To modernize China's industrial setup, however, it is necessary to continue to revise and perfect this setup policy.

The key to the planning and design of industrial setup policy lies in selecting the strategic industries, deciding on the target for structural policy, and planning the basic pattern for industrial development. Such selection and decision should be based on the long-term forecast of technological progress and economic development. Strategic industries generally include leading and mainstay industries. Sometimes they also include certain bottle-neck industries. Probably, the current conditions for developing these industries are not yet favorable. However, it will be impossible to fundamentally transform the basic pattern and development trend of China's industrial setup and to modernize the industrial setup unless we concentrate our energy on developing these industries.

Strategic industries generally possess the following characteristics: First, they are usually the production departments of final social products which are elastic in demand. Over a considerable period, society will have an increasing demand of these industries which cannot be fully satisfied. Second, as they have vital connections with enterprises, their development can lead to the common prosperity of a large number of enterprises. Third, leading industries generally represent the direction of structural transformation and industrial development, mainstay industries reflect the development level of industrial modernization in an all-round way, and bottle-neck industries produce an impact on industrial development and structural transformation. In accordance with China's actual situation in which the task left over from the previous revolution should be accomplished and where we are facing the challenge of the new technological revolution, we should appropriately select the leading industries and mainstay industries for our country and work out correct plans for China's industrial development and structural transformation.

## 2. Industrial organization policy.

In the past, we did not understand the concept of industrial organization policy or have an effective policy on it. We were used to mass movement, to rushing headlong into mass action while developing projects, and to imposing uniformity on everything while cutting down projects. In addition, all production activities were carried out under direct, unified planning. To develop socialist commodity economy, our macroeconomic management should change from direct management and control to indirect management and control. Consequently, industrial organization policy becomes an essential means of policy to readjust industrial development and realize structural transformation.

Industrial organization policy includes the market competition and anti-monopolization policy, protection policy, and the policy for establishing lateral ties. To give full play to the role of these industrial organization policies, the key lies in the selection of an appropriate policy means and in the overall planning and coordination of various policies.



The market competition policy removes the obstacles that hinder rational competition, creates a fine environment for equal competition, and protects and develops fair market competition. In this regard, it is necessary for China to adopt a series of policies and means to eliminate the barriers erected between regions and departments. For example, we must have a policy that permits and encourages free mobility of various production factors, a policy that removes the barriers erected between regions and departments, a policy that enables enterprises to freely enter or withdraw from a certain industrial field, and a policy that encourages enterprises to enter the international market and enter into international competition (note: not merely stimulating exports and earning foreign exchange). Through competition within departments, between departments and with other countries, we can select the best, eliminate the backward, and promote industrial development and structural transformation.

The purpose of the anti-monopoly policy, which is closely related to the development of industrial competition, is to prevent a small number of enterprises from rigging the market, manipulating the prices, and obstructing structural transformation and the rational flow of natural resources. It also ensures fair competition. Above all, it is necessary to reduce state monopolization as much as possible. Regarding monopolization by a small number of enterprises, with the maturity of the market and increasing strength of enterprises, certain policies will be necessary to effect readjustment.

The purpose of the industrial coordination policy is to promote rationalization of industrial organizations, raise the organizational extent and level of industries, and create new productive forces. Under the conditions in China, on the one hand, it is necessary to enact the policy of establishing and developing enterprise groups and clusters and promoting enterprise coordination, and on the other hand, it is necessary to enact and implement the policy of protecting and supporting small and medium size enterprises. In addition, it is necessary to enact the policy of establishing and developing the organizations of various trades. Through the implementation of these policies, we should fundamentally change the overlapping and loose state of China's industrial organizations and set up a rational industrial organization network.

The industrial protection policy is a policy specially dealing with external affairs. Both trade protectionism and industrial protectionism are incorrect. Nevertheless, the proper trade and industrial protection policies are necessary. Encouraging enterprises to enter the international market and face international competition does not contradict industrial protection. Exactly the reverse, since coordination between the two is the effective means to establish and develop our own industry and national economy. However, industrial protection is not tantamount to protecting the backward. The purpose of protection is not to keep our immature industry in its infancy forever, but to foster its growth and impel it to enter the international market and compete with the enterprises of other countries. Consequently, an industrial protection policy should clearly define the following: Which products need no protection and can be imported and exported without restriction, which products should not be imported, and the import of which products should be limited. Moreover, it is necessary to work out specific measures and terms for protection. Although we have practiced an open policy in recent years, we have not overdone it and the door is not yet widely open. However, large numbers of projects were imported blindly and some of our industries suffered setbacks as a result of our negligence of industrial protection. Under the situation of continuously opening up to the outside world, we should work out an explicit, specific, and effective industrial protection policy.

### 3. The policy of industrial stimulation and restriction.

The policy of industrial stimulation and restriction covers much ground. Its purpose is to stimulate and promote the establishment and development of necessary industries and restrict and reduce the production of unnecessary industries and switch them to the manufacture of other products. Here it is particularly necessary to mention the policy of promoting research and development, the policy of upgrading products, and the policy of restricting entry into certain industries.

Promoting research and development is the key to industrial development and structural transformation. The state should establish a fund to subsidize research and development. Taxation should be duly reduced for the research and development projects of various industries. These projects should be given preferential treatment in loans and interest reduction in financial allocation. We should also provide these projects with appropriate subsidies.

The establishment of an elimination system and an upgrading system for outdated and backward products can promote the development and upgrading of products and consequently raise the technological level of China's industries and improve our industrial setup. For industries with relatively quick technological development, it is all the more necessary to speed up this upgrading so as to promote and guide the development of technology and products.

The policy of entry restriction is also complex. For example, the development of certain industries requires a minimum economic scale. Enterprises that cannot meet the minimum requirements should be barred from entering these industries. Unless we have the proper protection measures, the industries that cause serious pollution should also be restricted.

#### The Planning, Design, and Application of Industrial Policies [subhead]

In the course of planning, design, and application of industrial policies, the following questions merit attention:

First, as industrial policies constitute a multi-layer and comprehensive policy system, we must have an overall view and systematic idea for the planning, design, and application of the industrial policies which complement and coordinate each other. Our current problems are in this area. The planning, design, and application of our industrial policies lack overall consideration and long-term planning. The designed and enacted policies are not yet integrated or systematic. They are not coordinated and their applications are usually independent from each other. Instead of promoting the long-term development and structural transformation of industries, the design and application of some policies are merely confined to meeting immediate emergencies and incur a great loss because of small gains. Some policies are mutually contradictory with one encouraging expansion while the other restricts development, thus leading to errors and blindness in industrial development.

Second, industrial policy is a branch of the economic policy system as a whole. It is closely related to other economic policies, particularly the macroeconomic policies including financial policy, monetary policy, investment policy, technological policy, and distribution policy. Their planning, design, and application should also cooperate and coordinate with each other. It is quite obvious that financial policy and monetary policy should cooperate and coordinate with industrial policy. Here we will only discuss cooperation and coordination between investment policy and industrial policy.

Industrial setup is mainly expressed in a stock structure and investment setup in a flow structure. The different choice of investment setup can drastically change the industrial setup through the stock structural change in fixed assets. Investment policy is the means indicating the direction for investment and readjusting the investment setup and investment behavior. Its cooperation with industrial policy is the fundamental means to realize industrial development and structural transformation.

To cooperate and coordinate investment policy with industrial policy, first, the distribution setup of investment should meet the requirement of industrial setup policy and second, the readjustment of investment behavior should be coordinated with the industrial organization policy and the policy of industrial stimulation and restriction. A prominent question at present is that investment policy and industrial policy are usually divorced from each other and are mutually contradictory. The factor restricting development in industrial policy actually becomes the target of development in investment policy. The problems to be solved through establishing lateral ties between industries in industrial development usually become the things to be newly built in investment policy. This leads to duplication and blind construction as well as an imbalanced situation in which there is a shortage of funds and resources on the one hand, and some funds and resources lie idle on the other hand.

Third, China's current industrial policies are imperfect, mutually contradictory, and not systematic. They are abstract, sweeping, and vague and lack the necessary legal basis. As there are no effective written policies, they can be implemented or not and can be implemented one way or the other. Those who violate the policies and make mistakes are not held responsible. For this reason, it is necessary to strengthen the legal system so that the planning, design, and application of industrial policies can have reliable legal guarantees. Only by doing so can we smoothly realize the structural transformation and modernization of China's industries.

#### RENMIN RIBAO ON PLANTING TREES IN COASTAL AREAS

HK161106 Beijing RENMIN RIBAO in Chinese 13 Mar 87 p 1

[Commentator's article: "Build Forest Belts Along the Coastline"]

[Text] In order to create a good ecological environment, the state started a grand project of building "three norths" shelter forest belts in the early years of the Sixth 5-Year Plan. Recently, the leading comrades of the State Council pointed out: The method of building "three norths" shelter forest belts should also be used to build a "green great wall" of 10,000 miles along the coastline. This will be another grand project in our country's forestry construction.

Our country has a coastline of over 18,000 km which extends across the tropical, subtropical, and temperate zones: 10 provinces, autonomous regions, and municipalities, or some 180 counties and cities, have coastlines. The coastal localities have a total area of 370 million mu and a total population of nearly 100 million people. At present, these localities are economically developed and densely populated in our country. They are our country's doors to foreign links and are also the outposts of national defense. With the development of reform, opening up, and economic construction, the position of these localities in our country's four modernizations cause will become increasingly more important. On the other hand, the coastal areas are raided by typhoons many times each year, and also frequently suffer from such natural disasters as tides, drought, and floods, which cause serious economic losses. [paragraph continues]



The building of the coastal shelter forest belts will be a project of great significance in protecting and promoting our socialist four modernizations process and in bringing benefit to the people and our future generations.

Over the past 30 years and more, the party and state have paid close attention to the building of coastal shelter forest belts and have led the people to build more than 64 million mu of forests in coastal areas and some 8,000 km of shelter forest belts along the coastline. This has played a positive role in improving the natural conditions of some localities and in resisting such natural disasters as typhoons, sea tide, salinization, floods, and drought. However, we should also soberly notice that the development of coastal afforestation is rather uneven, and the existing forests are still fragmentary and scattered in some small areas, so their capacity of resisting natural disasters remains weak and fragile. Last year alone, four typhoons landed in Guangdong Province and caused more than 2 billion yuan of direct economic losses! The harsh reality requires us to build an integrated system of shelter forest belts as soon as possible in the coastal areas.

The close attention and effective measures of the local leadership are the key to the success in the coastal afforestation project. Under the new situation of reform, opening up, and economic invigoration, leading bodies at all levels in the coastal areas should pay more attention to the building of shelter forest belts along the coastline. They must have a stronger sense of responsibility, exercise more effective leadership, and work in a down-to-earth manner, and take this afforestation project as a key project that must be tightly and properly grasped. Thus, we will certainly be able to build a grand and impregnable "green great wall" along the 10,000 miles of coastline.

#### NONGMIN RIBAO ON SCALE OF LAND OPERATIONS

HK160926 Beijing NONGMIN RIBAO in Chinese 7 Mar 87 p 1

[Commentator's article: "Gradually Expand the Scale of Land Operations in Places Where Conditions Permit -- Seventh Talk on Deepening the Rural Reforms"]

[Text] Implementing the contracted household responsibility system is a long-term policy pursued by our party in the rural areas. With the expansion of production, how to promote extensive farming on a large scale and on the household basis is an important problem to be settled in improving the contracted household responsibility system.

The contracted household responsibility system, which keeps the features of agricultural production and fully displays the superiority of household farming, is welcomed by peasants. However, household farming is limited because its scale is too small. In an average estimation throughout the country, every peasant household contracts only 7 to 8 mu of land, still less to every laborer. From a long-term point of view, farming on too small a scale adversely affects the accumulation and technological progress of agriculture and hinders the development of agricultural production. "Every household is small but complete, and everybody tills the land." This situation certainly bears a high production cost and brings about low labor productivity. At the same time, peasants do not have much interest in farming because of less income from land operations. This may eventually lead to decreases in production and leave large stretches of land uncultivated. Such a situation is not allowed to appear in our country.

The inexorable trend of economic development is that agricultural population shifts to other trades and the scale of land operations expands relatively. This was reflected in recent years from the emergence of group-operated land and cooperative farms in some economically developed areas and places where cultivated land is more concentrated. However, as far as the whole country is concerned, this change, which results from the development of the entire economy, takes a fairly long time and needs some necessary conditions. And this change can take place only when secondary and tertiary industries are relatively developed and can afford more jobs for laborers who no longer make a living from land and only when socialized production can render services of before-and-after production to farming. Many rural areas are not yet ripe for these conditions. Therefore, we should not blindly call for expanding the scale of land operations.

At present, improving the system of operating land by both collective and individual effort and using all kinds of socialized services in most areas are effective steps to expand the scale of land operations. This system can arouse the enthusiasm of the collective and the individual in land operations and help individual households resolve some problems arising due to a too small scale of land operations. On the premise of not changing the scale of household land operations, the collective can now offer different kinds of services to farming such as mechanized ploughing, irrigation, crop protection and seed supplying, which individual households cannot afford to do. This is a feasible measure to expand the scale of land operations to a certain extent in most areas of our country. We should make full use of the form of operating land by both collective and individual effort to resolve some problems arising due to a too small scale of land operations at the present stage.

The concept of expanding the scale of land operations is relative. It must be proceeded from being helpful to the best combination of the key elements of production and to the development of agricultural production. Forms of land concentration can vary in different areas and under different conditions, as can the scale of land operations. We must create favorable conditions for expanding the scale of land operations and support peasants in recontracting their land or in operating land with concerted efforts. At the same time, in some economically developed areas, especially in the outskirts of Beijing, Tianjin, Shanghai, and other large cities as well as in southern Jiangsu Province, we may run some relatively large household farms or cooperative farms on a trial basis and in a planned way to probe ways of expanding the scale of land operations for extensive farming.

#### JIEFANGJUN BAO ARTICLE ON BOURGEOIS LIBERALISM

HK150846 Beijing JIEFANGJUN BAO in Chinese 4 Mar 87, p 3

[Article by Li Xin [2621 2946]: "Reflection and Criticism"]

[Text] An old comrade about my age wrote me a letter on New Year's Day. Starting on the students' demonstrations, he came up with a series of opinions: He said that he felt that bourgeois liberal thinking had been simmering for many years now, that the slogans proclaimed by the trouble-making students had been expressed earlier, in another manner, in newspapers and in the speeches of famous people. With this situation remaining unchanged, how could the young students not be affected? When some people talk of the ten catastrophic years, they do not seek to derive historical lessons from it but link the crimes of Lin Biao and the Gang of Four with the party. When some of them discuss the 30 years since the founding of the PRC, it is as if no achievements were made during the period. [paragraph continues]

They are in no way reflecting on history or carrying out serious, conscientious criticisms, but are actually slandering the party and villifying the party's leadership as well as inciting and instigating the young people to violate the four cardinal principles!

I agree with this viewpoint. For a while there were indeed people who used this and that method and means to instigate the young people. They picked at our wounds, repudiated the overall situation, attacked minor points, and caused disruptions in an attempt to push the party's leadership, the socialist system, the people's democratic dictatorship, and Marxism to a position of "censure and contempt" and thus achieve the objective of "total Westernization" -- the capitalist road. This is the crux of the issue.

The socialist path was decided by the historical course of the last hundred years of social development in China. Its trend or direction cannot be decided nor altered by the feelings, likes and dislikes, or moves of a few progressive elements or a few oppositionists. Naturally, through practice and sheer effort, man could effect a certain role to promote or hinder the trend of social development. However, to think that an individual's subjective willpower could change history and master the objective is entirely wrong. Looking at all times and in all countries, not a few tragic personalities have met with disastrous failure in this area!

The building of socialism with distinct Chinese characteristics is composed of the policy of reform and opening up, the four cardinal principles, and the building of socialist spiritual civilization -- a fundamental task integrating three factors into one. Under such a situation and task, some people set the guidelines of emancipation of the mind, of reforms and opening up, and of letting a hundred flowers bloom and a hundred schools of thought contend against the adherence to the four cardinal principles. The majority of these people could have been confused, while certain others had ulterior motives. Leaving those with ulterior motives aside, if those who have muddled minds do not clear up their thinking, then it could be detrimental to the adherence of the four cardinal principles and to the resistance of bourgeois liberalism. For a big country with a population of 1 billion, the path of social development established after explorations by several generations allows for no ambiguity. It involves the fundamental interest of the Chinese nation, the People's Republic of China, as well as the people from various strata in society. On a matter of principle concerning the fate of the country, no sober or responsible party member will approve of wanton and rash actions.

Speaking of reflection, the evolution of bourgeois liberalism into an ideological trend did not occur overnight. Indeed, this calls for reflections on the part of our Chinese Communist Party members, notably party leaders and cadres, as well as those in charge of ideology and culture. Correct reflection and criticism could enhance understanding, strengthen confidence, uphold the right and restore order. As long as one is adept at summing up experiences, learning lessons, positively and conscientiously regarding the various elements that brought about the proliferation of bourgeois liberal thinking, the problem can be resolved gradually. Then, we can advance with more determined and steadier strides along the highways of socialist modernization and construction.

Reflection and criticism are essential parts of our party's three major excellent styles and should be further passed on and promoted. I believe that it is even more necessary today.



JIEFANGJUN BAO STRESSES LEI FENG SPIRIT

HK160551 Beijing JIEFANGJUN BAO in Chinese 5 Mar 87 p 1

[Commentator's article: "Put Lofty Ideals Into Practice in the Course of Wholeheartedly Serving the People"]

[Text] The great name of "Lei Feng" became a household word 24 years ago when he was commended in the inscriptions of the older generation of revolutionaries including Mao Zedong. The image of Lei Feng sparkled with the brilliant thinking of communism, and lighted the hearts of millions like a torch. His lofty character and style struck root in the vast land of China, then, like a seed, it bloomed and bore fruit. The spirit of Lei Feng has become a synonym for serving the people heart and soul over the past 2 decades and more, and a specific symbol for the communist style. It has played an inestimable role in educating, encouraging, and inspiring the people, the PLA officers and men in particular.

History took a tortuous road. During the 10 years of turbulence, the image of Lei Feng was distorted by the "gang of four," again when the ideological trends of bourgeois liberalization were rampant not so long ago, Lei Feng was played down and attacked by some individuals. However, the immortality of the Lei Feng spirit is a fact that can never be nullified. The people still cherish the memory of Lei Feng, praise him, and are learning from him. The investigation report on some units under the Jinan Military Region carried in the 3 March issue of this newspaper has served as evidence. In answering the question "who is the peacetime hero and model you most admire?" all cadres and soldiers cast their "votes" for Lei Feng. When asked "which hero or model has affected you most in your growth and progress?" 90 percent of the comrades mentioned Lei Feng. Among the advanced personalities emerging in recent years, the overwhelming majority of them have followed in Lei Feng's footsteps. This investigation, which is truly representative is not only a powerful repudiation of those individuals who have negated Lei Feng, but serves as an irrefutable demonstration that the Lei Feng spirit is more and more grasped and admired by the young people of the new generation, and is becoming the criteria for their actions in life.

The spirit of serving the people heart and soul, and unswervingly striving for the realization of lofty ideals ran through Lei Feng's brief lifetime, and was embodied in his every speech and action. According to Lei Feng, a proletarian fighter must possess the lofty ideals of striving for communism, "I have but one heart; this heart is devoted to the party, socialism, and communism." It was precisely this lofty ideal that always set off his revolutionary enthusiasm, and guided his continuous striving along a fixed direction. A common ideal and unanimous pursuit often make people of different times come together in their thinking. This is why no "generation gap" exists between the young people of the 1980s and Lei Feng of the 1960s. In following Lei Feng's example, it is first necessary to acquire his lofty ideals, which are man's spiritual support. With lofty ideals, we will never lose the way in our progress. With them in mind, no force whatever can shake our revolutionary will. Comrade Deng Xiaoping says, in the cultivation of lofty ideals, moral integrity, cultural accomplishments and discipline, lofty ideals and discipline are especially important "why was it possible for us to wage struggle under the most extraordinarily difficult conditions in the past, and win the victory of the revolution by overcoming all kinds of difficulties and danger? That was precisely because we have lofty ideals and faith in Marxism and communism." Today our party is leading the people throughout the nation to build socialist modernization, which is a new phase in marching toward the great ideal of communism. [paragraph continues]

Only when our party adheres to its highest ideal will it be possible to become the force at the core leading the cause of revolution and construction. Only when the entire people in the nation share a common ideal will it be possible to build socialism with Chinese characteristics with one accord. And only when the commanders and soldiers of the entire army possess revolutionary ideals will it be possible to have iron discipline as well as staunch and powerful combat effectiveness. "The Decision of the Central Military Commission on Political Work in the Army During the New Period" recently approved and relayed by the CPC Central Committee stresses the need to strengthen education in lofty ideals in the army, "to make the officers and men grasp the objective laws governing social development, understand that the highest ideal of the party is to realize communism, understand the common ideals of the people of all nationalities throughout the country, see the advantages of the socialist system and the need for its self-perfection and development through reform, set up a correct world outlook and outlook on life, and strengthen faith in victory." This is the pressing need in the struggle to oppose bourgeois liberalization as well as a vital link in strengthening the army modernization. We should do a good job in grasping education in lofty ideals by linking it with the activities of learning from Lei Feng in a down-to-earth way.

Lei Feng's striving for the great ideal was always linked closely with every single practical action in serving the people heart and soul, and embodied in his specific actions in cherishing the nation and the people, observing discipline, attaching importance to ethics, working diligently, studying assiduously to make progress, and being always ready to help others. "The accomplishment of anything great and major is based on the ordinary and minor." Lei Feng was a great communist fighter, and simultaneously a commonplace "screw." In a dialectic way, the great and the commonplace were unified in Lei Feng. That is precisely where the great charm of the Lei Feng spirit lies. The so-called "screw" means subjecting oneself to the needs of revolution, to love and to do a good job at one's post, no matter what trade one is in, and to spare no efforts to contribute one's strength for the revolutionary cause. This spirit of Lei Feng in serving the people heart and soul, and willingly becoming a "screw" was the focal expression of his lofty ideals as well as the basic channel to realize them. If realities are compared to one shore, and ideals the other, then unremitting efforts in specific actions will be the bridge to span the two shores. The road to lofty ideals is undoubtedly a long one; however, it is for us to make the initial steps. Being without the persistent practice of serving the people heart and soul and the spirit of willingly becoming a "screw," while failing to do a good job at one's post with the attitude of being masters of the country, talk about lofty ideals can only be empty words. Some people believe that the Lei Feng spirit of willingly serving as a screw should not be upheld on the ground that it is unfavorable to developing the "sense of the individual." We should make an analysis of this. Marxism attaches great importance to the development of the individual, while believing that the individual is inseparable from the collective. The individual and the collective have a relation of supplementing each other. Just as a drop of water will be dried up if it fails to get into the sea, likewise, it will be very difficult for the individual to survive independently without merging himself with the collective. Stubbornly laying conspicuous stress on "the sense of the individual," and playing down or negating "the sense of the collective" run counter to dialectical materialism. In building ethics, we do not generally oppose the development of the individual; however, such development must be linked with the interests of the party, the state and the people. The individual can accomplish development to perfection only through his infinite service to the people. Developing the individual at the cost of the interests of the party, the state, and the people will inevitably lead to extreme individualism and anarchism.

In our times, the name of Lei Feng is always a clarion call, and his spirit will forever shine brilliantly. Thousands upon thousands of people like Lei Feng are needed both in the undertakings of socialist modernization, and in strengthening the building of a modernized revolutionary army. As in the Chang Jiang the waves behind drive on those before, so each generation excels the last one. With the continuous improvement of socialist material and spiritual civilization, and with the in-depth development of the activities in following the example of Lei Feng, more advanced models rich in the characteristics of the times will inevitably emerge in the new generation of the 1980s. It is the glory of the PLA that Lei Feng was one of its men; and the PLA should do a better job in learning from Lei Feng. Let us follow his example, attach importance to lofty ideals, put them into action, and strive to become a new generation that cultivates lofty ideals, moral integrity, cultural accomplishments and discipline!

#### XI ZHONGXUN INSPECTS GUANGDONG 11 FEB-11 MAR

HK131042 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 13 Mar 87

[Text] Accompanied by responsible comrades of the provincial party committee and the provincial Advisory Commission, Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, inspected from 11 February to 11 March urban construction, factories, schools, rural areas, and tourism areas in the Shenzhen and Zhuhai Special Economic Zones and 23 cities and counties in Guangzhou, Jiangmen, Foshan, Huiyang, Zhaoqing and Shaoguan cities and prefectures, and the construction site of the Dayaoshan Tunnel. He also met responsible comrades of all the cities and prefectures, and some veteran comrades now in Guangdong, encouraging them to uphold the four cardinal principles; to adhere to the policy of reform, opening up, and economic invigoration; to strengthen ideological and political work; to grasp the building of two civilizations simultaneously; to steadfastly fight bourgeois liberalization; to safeguard the political situation of stability and unity; to bring into play their strong points and avoid their weak points according to local conditions; and to push forward the building of the four modernizations.

During his inspection tour of Guangdong, Comrade Xi Zhongxun also met well-known people from Hong Kong and Macao, including Henry Fok, Ma Man Kei, and Gordon Wu.

Comrade Xi Zhongxun highly valued the achievements made by Guangdong over the past few years. He expressed the hope that on the basis of the existing achievements, the province would continue to be modest and prudent, constantly make explorations and sum up experiences, and continuously forge ahead.

#### XI ZHONGXUN GIVES INSTRUCTIONS TO HUNAN CADRES

HK170147 Changsha Hunan Provincial Service in Mandarin 0100 GMT 17 Mar 87

[Text] According to Hunan Ribao, CPC Central Committee Political Bureau member Xi Zhongxun inspected Hunan Province from 12 to 16 March, accompanied by Xiong Qingquan, and Liu Fusheng, deputy secretaries of the provincial party committee, and responsible persons of the Changsha City party committee. He inspected factories and rural areas at Changsha and made an important speech.

Comrade Xi Zhongxun listened to reports delivered by responsible comrades of the provincial party committee. Present at the report meeting were Mao Zhiyong, Xiong Qingquan, Liu Zheng, Liu Fusheng, Sun Wensheng, Chen Bangzhu, Jiang Jinliu, Dong Zhiwen, Shen Ruiting, and Li Jianguo.



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On behalf of the provincial party committee, Xiong Qingquan reported on the province's economic development last year and the ideas on this year's work, and on the situation in implementing the intentions of the CPC Central Committee and State Council on tackling the two major tasks.

After endorsing these efforts, Comrade Xi Zhongxun explicitly pointed out that there is no example to follow or model to copy in carrying out socialist construction. We must uphold the ideological line of seeking truth from facts. It is necessary to take full advantage of Hunan's strong points in resources and vigorously promote diversification. We must seriously investigate and study to find out what the cadres and masses are thinking now, and strengthen ideological and political work [words indistinct].

Many veteran comrades are familiar with the history of yesterday and also understand the present situation. They are most convincing in conducting education for young people in revolutionary traditions.

On how to strengthen the party's democratic centralism, Comrade Xi Zhongxun said: Comrade Deng Xiaoping's speech at the enlarged central work conference in 1962 summed up the party's experiences over several decades. This is a (historic) Marxist-Leninist document, which we must seriously study. The party organizations at all levels must uphold democratic centralism. We must strengthen the building of the leadership groups themselves. If the party's democratic centralism is practiced well and the leadership groups are well united, then everything can be accomplished with ease.

He demanded that the party members, especially the party's responsible cadres, continually strengthen their party spirit and set strict demands on themselves. He said: Every party member must be up to the mark in party spirit. If a person's awareness is high, it does not necessarily mean that he is very able. It is essential to be modest and prudent and avoid getting too divorced from the masses. We must constantly regard ourselves as elements of the masses. Party members must maintain and carry forward the fine tradition of arduous struggle, and play a model and leading role in reform, opening up, and invigoration. They must take the lead in work, in enduring hardship, and in serving the people. They should be the first to suffer hardship and the last to enjoy comforts.

During his inspection, Xi Zhongxun paid a special visit to the No 2 hospital attached to the Hunan Medical College to extend regards, on behalf of Comrade Wang Zhen, to Tao Zhiyue, vice chairman of the CPPCC and vice chairman of the provincial People's Congress Standing Committee, who is ill there. He also extended regards to Zhou Li [words indistinct].

#### YU QIULI STRESSES FOUR CARDINAL PRINCIPLES

OW162343 Beijing XINHUA Domestic service in Chinese 1558 GMT 16 Mar 87

[Text] Beijing, 16 Mar (XINHUA) -- Yu Qiuli, deputy secretary-general of the Military Commission and director of the General Political Department, addressed the opening ceremony of an advanced studies class at the National Defense University today. He said: Adherence to the four cardinal principles is the foundation of our party and state, as well as the most distinguishing feature of our Army. In order to uphold Marxism, we must first study Marxist theory. We should train a contingent of Marxist theorists with PLA characteristics.

Yu Quili continued: The current struggle to uphold the four cardinal principles and oppose bourgeois liberalization is designed to solve current questions of major political principles, as well as questions arising from reality on the right and wrong of major theories. A very important way to fundamentally solve problems once and for all is to improve the knowledge of Marxist theory among comrades throughout the party, particularly the leading comrades. Marxism-Leninism-Mao Zedong Thought is an ideological weapon for opposing bourgeois liberalization. In order to stand in the van of the struggle against bourgeois liberalization, leading cadres should first take the lead in studying central documents and Marxist theory.

Yu Qiuli pointed out: Recently, many units have been running book-reading classes and organizing their cadres to study Marxist theory. Studying theory has become a common practice. Such a good practice should continue all the year round. The struggle against bourgeois liberalization requires us to study Marxist theory, and it also provides us both positive and negative materials. In the course of the struggle, our cadres should study hard to acquire more knowledge of Marxist theory. Basic Marxist principles are not out-moded, and still play an important role in guiding our socialist modernization program and struggle against bourgeois liberalization. We should confirm our faith in Marxism, strive to learn the Marxist stand, viewpoints and methods, have a scientific world outlook and a correct outlook on life, enhance our understanding of ideologies and policies, and sharpen our ability to analyze and solve problems.

#### SONG RENQIONG INSPECTS JILIN CITY 9-14 MAR

SK150536 Changchun Jilin Provincial Service in Mandarin 2200 GMT 14 Mar 87

[Excerpt] During his recent inspection tour in Jilin City, Song Renqiong, vice chairman of the Advisory Commission of the CPC Central Committee, stressed that in developing the economy, it is necessary to pay attention to afforestation, prevent pollution, and safeguard the ecological balance. Twenty years ago when Comrade Song Renqiong served as first secretary of the northeast China Bureau, he inspected Jilin City on two occasions. This is his third trip to Jilin City.

From 9 to 14 March, after attending the Sixth National Winter Games, he visited some party and government cadres of Jilin Province and Jilin City. Accompanied by Comrade Gao Di, secretary of the provincial party committee, he also visited some plants, shops and (restaurants), and an exhibition on (light industrial goods). Comrade Song Renqiong was much impressed by the appearance of Jilin City. Seeing the flourishing trees along the Songhua Jiang and some streets, and the gardens built in many plants he said happily that Jilin City is a place with its green hills and clear water, and it has done a fairly good job in planting trees. He also pointed out that to protect the existing forests, it is necessary to plant more trees and build Jilin into a still better city.

Comrade Song Renqiong highly praised the Jilin Paper Mill for building forests for commercial use. He urged that not only the rural areas, urban neighborhoods, and Army barracks should pay attention to afforestation, but also the industrial and mining enterprises which consume great amounts of timber should be farsighted and successfully build forests for their own use.

Comrade Song Renqiong has talked about prevention of pollution on many occasions. He said: Prevention of pollution and afforestation are two aspects of an issue. The more developed the economy is, the more attention should be paid to protecting the ecological balance.

He also wrote an inscription for Jilin City: "Protect the Environment and Develop the Rural and Urban Areas." [passage omitted]

SHANGHAI PEOPLE'S CONGRESS MEETING CLOSES

OW170047 Shanghai WEN HUI BAO in Chinese 12 Mar 87 p 1

[Excerpts] The 3-day, 27th Session of the 8th Shanghai Municipal People's Congress Standing Committee closed on 11 March. The meeting adopted "Interim Regulations on Supervision Over Labor Protection of Shanghai Municipality" and decided to put the regulations in force on 1 May 1987. [passage omitted]

Vice Chairman Wang Jian presided over the meeting. Vice Chairmen Pei Xianbai, Wu Ruoman, Tan Jiazhen, and Shu Wen attended the meeting. Present as nonvoting delegates were Vice Mayor Ye Gongqi, President of the municipal Higher People's Court Hua Liankui, and responsible persons of the municipal people's procuratorate, departments concerned under the municipal government, and various district and county People's Congress standing committees.

SHANGHAI LEADERS INSPECT DISASTER AREAS

OW160552 Shanghai WEN HUI BAO in Chinese 8 Mar 87 p 1

[By reporters Zhang Debao and Yu Peihua]

[Excerpts] At about 0900 hours on the evening of 6 March, Shanghai's Songjiang, Jiangshan, Qingpu and other areas were hit by a severe storm with strong winds. Some of the areas were also hit by hailstorms and tornadoes. Right now, proper arrangements are being made to help disaster-stricken people find places to settle down in the area. Telephone lines and closed-circuit cables for relaying radio programs as well as lighting fixtures damaged by the storm have been repaired. On 6 March, leaders in Shanghai including Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, and Mayor of Shanghai Jiang Zemin visited Songjiang County, which suffered most from the storm, and discussed with the local cadres how to carry out relief work against the natural disaster. [passage omitted]

Yesterday afternoon, Rui Xingwen, Jiang Zemin, and other comrades rushed to Songjiang County, listened to a briefing on the natural disaster, and visited the county's Zhongxin Hospital to cheer up those injured during the storm. Later, they visited the Xinbang Township, which was hit hardest, to check the situation there and made plans to do relief work against the natural disaster. Comrade Rui Xingwen said: It is necessary to mobilize the masses to rebuild their hometown and resume production as soon as possible. At the same time, efforts must be made to help the disaster-stricken people find places to settle down. Comrade Jiang Zemin said: It is essential to bring into full play the role of all organizations. The township must not ask the county to do work that the township itself is able to handle, while the county must not ask the municipality to do work that the county itself can handle. Efforts must be made to help the masses resume production and lead normal lives. On the evening of 6 March and on the morning of 7 March, Wang Liping, Standing Committee member and secretary general of the municipal party committee; Vice Mayors Ni Tianzeng and Ye Gongqi; Hu Zhengchang, deputy secretary general of the municipal party committee; and the leading comrades of the municipal rural party committees and the municipal Agricultural Commission also visited the storm-stricken areas on separate occasions to express sympathy and solicitude for the people in the disaster areas.



SECRETARY, MAYOR INSPECT SHANGHAI MILITIA

OW170627 Shanghai JIEFANG RIBAO in Chinese 13 Mar 87 p 1

[Excerpts] Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, and Jiang Zemin, deputy secretary of the Shanghai Municipal CPC Committee and mayor of Shanghai, yesterday afternoon inspected militia work in Shanghai. They praised the achievements of the work in both military training and playing a backbone and leading role in economic construction and building socialist spiritual civilization.

Accompanied by Ba Zhongtan, commander of the PLA Shanghai Garrison Command, and Ping Changxi, political commissar of the PLA Shanghai Garrison Command, Rui Xingwen, Jiang Zemin, and Vice Mayor Qian Xuezhong first inspected the bustling Nanjing East Road to see militiamen's activities of providing various services for the people on Nanjing Road. [passage omitted]

After leaving Nanjing Road, leading members of the municipal party committee and municipal people's government took a ride to the Shanghai Metallurgical Equipment Manufacturing Plant in Jiading County and inspected the Changfeng Militia Antiaircraft Artillery Regiment in Putuo District. [passage omitted]

After hearing a briefing, Rui Xingwen and Jiang Zemin gladly saw antiaircraft artillery practice by militiamen and militiawomen despite the rain. At the regimental command post, commanders and fighters of the militia unit conducted war exercises at regimental and battalion level for the leading comrades. At the completion of the exercises, Rui Xingwen congratulated the commanders and fighters of the militia unit for their successful training and demonstration on behalf of the leading members of the municipal party committee and the municipal people's government. Rui Xingwen said: At present, our country is in an excellent situation of stability and unity. However, we must be prepared for danger in times of peace and always be on the alert. Doing a good job in the building of militia units is extremely important. He expressed the hope that the broad masses of militia units would continue their efforts and make still greater achievements.

Yesterday afternoon, the leading members of the municipal party committee, the municipal people's government, and the PLA Shanghai Garrison Command also inspected armories of militia units at the Putuo District People's Armed Forces Department and the Shanghai No 5 cotton mill in Changning District.

ZHEJIANG APPOINTS, REMOVES PROVINCIAL OFFICIALS

OW152328 Hangzhou ZHEJIANG RIBAO in Chinese 6 Mar 87 p 1

[Text] Namelist of appointments and removals decided by the Zhejiang Provincial People's Congress Standing Committee (adopted at the 24th Session of the 6th Zhejiang Provincial People's Congress Standing Committee on 5 March 1987)

Appointments: Wu Minda to serve concurrently as chairman of the Zhejiang Provincial Planning and Economic Commission; and Zhao Xiaodao [6392 1420 6670] as director of the Zhejiang Provincial Department of Agriculture.

Removals: Chen Jingye from the post of chairman of the Zhejiang Provincial Planning and Economic Commission; and Sun Wanpeng from the post of director of the Zhejiang Provincial Department of Agriculture.

GUANGDONG PARTY COMMITTEE HOLDS PLENARY SESSION

HK130244 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 12 Mar 87

[Excerpts] The Fifth Guangdong Provincial CPC Committee convened its sixth enlarged plenary session in Guangzhou today. A 3-day preparatory meeting was held first. The session, which was attended by 165 persons, examined and approved Comrade Lin Ruo's work report delivered on behalf of the provincial party committee Standing Committee, examined and approved in principle the provincial plan for building socialist spiritual civilization, and discussed and approved the list of candidates for deputies to the 13th party congress.

Comrade Lin Ruo's work report analyzed the province's economic situation in 1986. [passage omitted]

The report affirmed that the province did a great deal of work in building socialist spiritual civilization during 1986. [passage omitted]

After pointing out the existing main problems in social and economic development, the report proposed the main tasks to be tackled in 1987. [passage omitted]

The session demanded that the party organizations and the whole body of party members throughout the province unswervingly implement the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, and mobilize and lead the people of the whole province to work in concert and strive to do still better in building socialist material and spiritual civilization in Guangdong.

## Lin Ruo's Report

HK161050 Guangzhou NANFANG RIBAO in Chinese 13 Mar 87 pp 1, 3

[Report: "Guangdong Further Developed its Good Situation Last Year"]

[Text] Lin Ruo, Guangdong party committee secretary, delivered a work report on behalf of the provincial party committee at the Sixth (Enlarged) Plenary Session of the Fifth Guangdong Provincial CPC Committee. Regarding the 1986 work conditions, Comrade Lin Ruo pointed out: Since the fifth plenary session of the fifth provincial committee, party organizations at all levels and party members throughout the province have implemented various instructions of the Central Committee, adhered to the four cardinal principles, grasped the building of the two civilizations simultaneously, done their work in a down-to-earth manner, and further developed the fine situation of the province.

Comrade Lin Ruo stated: Money was tight in 1986, and Guangdong suffered from a series of natural disasters: typhoon, flood, and drought. However, through the concerted efforts of party organizations at all levels, as well as the party members and the masses throughout the province, steady and coordinate progress was still made in the economy. Compared with 1985, the social gross output value of the province grew by 12 percent, gross industrial and agricultural output value grew by 13.5 percent, national income increased by 9 percent, volume of social commodity retail increased by 12.8 percent, and GNP increased 9.6 percent; all were higher than the average national growth level. With the steady development of production, financial revenues grew synchronously with the GNP. [paragraph continues]

The people's living standards again improved, the province's urban and rural markets were brisk, and prices were basically steady. The economic situation was fine.

According to Lin Ruo, the province's economic situation in 1986 can be summed up in the following characteristics: 1) The national economy changed from excessive growth to sustained, steady, and coordinated growth. This is very pleasing. 2) A new situation of balanced development between different areas appeared. In 1986, we proposed the principle of actively improving the Zhu Jiang Delta, stepping up the pace of development in the coastal areas, and supporting the economic work of old and new poverty-stricken mountainous and border areas. Viewing the present conditions, we find such a situation has already emerged. 3) There was vigorous growth in developmental agriculture. Afforestation, the building of orchards, mining in mountainous and hilly areas, digging ponds to breed pawns, reclaiming sand beaches to develop fish breeding, and poultry raising in the coastal areas, as well as farming exclusively for export in the Zhu Jiang Delta, were all in vigorous development. This situation is very pleasing. A number of developmental projects initiated in line with the principle of suiting measures to the local conditions in all places will add great staying power to agricultural growth. 4) Great development was recorded in foreign trade. That was a pleasing step forward in building export-type economy. In 1986, the actual export volume was \$4.23 billion. Guangdong is a close neighbor of Hong Kong and Macao, in the forefront of opening up to the world. The building of an export-style economy to expand export trade is a strategic task for Guangdong's economic construction.

The report also dealt with the situation of building spiritual civilization in 1986. Lin Ruo affirmed that the province's party organizations and relevant departments at all levels did a great deal of work in building socialist spiritual civilization centered on bringing up socialist citizens with lofty ideals, moral integrity, cultural accomplishments, and discipline. In order to do a good job in the building of the two civilizations, we attached special importance to and grasped firmly the building of the party.

The report cited some major accomplishments in the building of spiritual civilization, namely: Rural party rectification work was earnestly conducted based on central arrangements. 1986 was the third year since overall party rectification was unfolded, and the year in which the phase of party rectification of rural grass-roots began. The province's rural party rectification was conducted separately at the district and township levels. It was basically concluded in January 1987. Although rural party rectification involved a large scope, a great number of people, and voluminous work, generally speaking, the development was healthy with rather good effects because party committees at all levels attached great importance to it. The democratic recommendations of cadres in leading bodies at and above county level by appraisal through democratic discussions and polls was unfolded toward the end of 1986. This has played a positive role in strengthening democratic supervision and promoting the building of leading bodies.

Launching education in party spirit, style and discipline, persistence in grasping firmly major and important cases, and organizing mass examination in consolidating the party style in the province promoted the marked turn for the better in party style and further improvement of the party-masses and cadre-masses relations. Activities of initiating civilized units and building spiritual civilization with joint efforts of the Army and the people were unfolded in a down-to-earth way in the province. More than 17,000 units in the province now participate in such activities. [paragraph continues]



The province summed up and spread the experiences of advanced units including the Guangzhou Hygienic Processing Factory, the Nanhua Street neighborhood, as well as the Guangzhou Institute of Traditional Chinese Medicine Malaria Research Center, with a number of advanced models of collectives and individuals set up. All this has forcefully promoted the work of building spiritual civilization in urban and rural grass-roots units.

New accomplishments were scored in strengthening the building of socialist democracy, the legal system was strengthened, and there was a severe crackdown on serious criminal activities and serious economic criminal activities. A great deal of work was done in the comprehensive treatment of social order problems and the elimination of ugly phenomena. Public order in the province was also further improved.

Lin Ruo said in his report: The provincial party committee adopted measures in many aspects to spur the development in various undertakings of education, science and technology, sports, and public health. The consolidation of sites for cultural and recreational activities of the masses and publications was also strengthened.

Lin Ruo also pointed out the existing main problems in the province's work in 1986. He said: We failed to study sufficiently and to have more profound understanding of some documents and instructions from the Central Committee. In investigating, studying, and dealing with some problems, we did not exert great enough efforts. Bureaucratic phenomena, characterized by too many meetings and documents issued, and low work efficiency still gravely exist. Viewing the work of the province, many weak links and problems pressing for solution still exist.

The report pointed out the existing main problems in social and economic development: 1) The decision making powers of the enterprise have not been fully implemented and some large and medium-sized enterprises still lack vitality; 2) the strained condition of energy resources and transportation was still conspicuous, which affected the development of production and construction as well as the daily life of the masses; 3) the dispersion of financial resources; 4) not enough importance was attached to grain production; 5) the phenomenon of arbitrary tree-felling was not checked; and 6) the natural population growth rate showed an upward trend.

Lin Ruo also pointed out: Many problems exist in the political ideological field, too, mainly the emergence of the ideological trend of bourgeois liberalization. Lin Ruo concluded: Although the above mentioned problems were minor aspects, they should not be neglected and must be dealt with seriously and overcome in a down-to-earth way. Only then will it be possible to make still greater progress in the new year and do a still better job in all items of work.

#### Main Tasks For 1987

HK161430 Guangzhou NANFANG RENBAO in Chinese 14 Mar 87 pp 1, 3

[Report: "Guangdong To Highlight Six Items of Work This Year"]

[Text] In his work report delivered at the Sixth Enlarged Plenary Session of the Fifth Guangdong Provincial CPC Committee, Lin Ruo, Guangdong party committee secretary, pointed out: In 1987, we must earnestly conduct education in adhering to the four cardinal principle among the cadres and the masses; continue to spur reforms, opening up, and invigorating the domestic economy; and unfold the work of increasing production and practicing economy in a big way. [paragraph continues]

These measures will allow us to do a still better job of all items of work and the economic construction of the province and to further develop the fine situation in Guangdong.

Lin Ruo stated in his report: Based on the instructions of the Central Committee and the actual conditions of Guangdong, the following items of work must be highlighted this year:

1. It Is Necessary To Adhere to the Four Cardinal Principles To Oppose Bourgeois Liberalization in the Political and Ideological Realm [subhead]

According to Lin Ruo, the most important of all items of work in the province this year is to do a good job in opposing bourgeois liberalization, based on the arrangements of the Central Committee.

Lin Ruo pointed out in his report: Opposing bourgeois liberalization has a specific implication. The core of the pursuit of bourgeois liberalization -- namely, negating the socialist system while upholding the capitalist system -- is to negate the party leadership. In waging the struggle against bourgeois liberalization, we must make explicit the scope and policy of the struggle based on the central stipulations; specifically speaking, the struggle should be strictly conducted inside the party, mainly in the political and ideological realm, and not including the rural areas; it should not be linked with the policies in connection with the economic reform, the rural policies, research in science and technology, exploration in the style and skill in literature and art, and people's daily life. Regarding the method, we must persist in positive education and refrain from the pursuit of a political campaign. It is necessary to earnestly propagate the central policy on opposing bourgeois liberalization to dispel the anxieties of some people. We should further unfold education in adhering to the four cardinal principles among the party members and cadres of the province on the basis of our previous studies.

2. Resolutely Implement the Central Instruction on Increasing Production and Practicing Economy, Compress the Overheated Atmosphere, and Make Guangdong's Economy Developed in a Sustained Steady, and Coordinated way [subhead]

Lin Ruo stated: Regarding the entire economic work of Guangdong this year, it is primarily necessary to resolutely implement the central instruction to reduce the scope of investment in fixed assets and to cut back expenditures, namely, the over-expanded capital construction and financial expenditures. We should uphold the principle of building the nation with diligence and thrift and repress the desire for high consumption, while doing our best to increase production, improve economic results, and base the economy on long-term steady and coordinated growth. To grasp this work well, it is primarily necessary to unify the understanding of party organizations and leading cadres at all levels. We must resolutely cut the over-expanded scope of capital construction, and do our best to maintain a certain rate of growth. A way out is to strengthen management and operation as well as the technical transformation of enterprises.

According to Lin Ruo, regarding rural work, it is necessary to continue to grasp well developmental agriculture and to develop commodity economy in a big way, while paying attention to grasping well three weak links. 1) It is necessary to earnestly attach importance to grain production; and vigorous measures must be adopted to check the phenomenon of cutting back a large acreage of grain fields. [paragraph continues]

At the same time, it is necessary to popularize the planting of high-quality hybrid rice in a big way and to earnestly improve the level of farming to win a bumper grain harvest this year. 2) It is necessary to strengthen the control over mountain forests as well as the timber market. We must resolutely put a stop to the phenomenon of arbitrarily felling of trees. 3) Unremitting efforts should be exerted to grasp well the work of family planning and to reduce the natural growth rate of the population.

### 3. Further Deepen Reform and the Invigoration of the Economy [subhead]

In his report, Lin Ruo pointed out: From now on, it is imperative to continue to pay attention to fully applying the central specific policies and flexible measures exclusive to Guangdong and to further establish the idea of deepening reform to spur economic development. We must rapidly unfold all items of reform stipulated in the central arrangements. We should promptly sum up and make complete and perfect those items undergoing reform. We should also be bold in conducting experiments and exploration regarding items without specific requirements proposed by the central authorities but belonging to the realm of power of the province.

Lin Ruo stated: The key issue of urban structural reform is to strengthen the vitality of enterprises, turning them into genuine economic bodies that take the initiative in their hands in operation, bear responsibility for their own profits and losses, and possess the capability for their self-transformation and self-development. It is necessary to earnestly implement the three regulations promulgated by the Central Committee and the State Council and to put into practice the system of overall leadership by the factory director (manager) in an all-round way and the responsibility system of term targets for factories (managers). We should firmly grasp the key issue of separating the ownership of enterprises from their power of operation, and spur their internal reform. Under the premise of observing the law and policies of the state, enterprises possess the power to reform the managerial and operational structures and to pursue all kinds of effective economic responsibility systems linked with wages. Regarding small enterprises, the system of management on lease can be implemented. Active exploration should also be conducted in implementing the enterprises bankruptcy law. The distribution system of enterprises should undergo reform so that enterprises with different economic results in their management may have genuine but appropriate differences in their grades of distribution. It is necessary to further invigorate the market, including opening the monetary market, and to expand the market of production materials. We should improve macrocontrol in a down-to-earth way, and change the functions of government organs. Regarding the urban economic structural reform, it is necessary to conduct it actively centering around several key issues of Guangdong's economic construction, for example, doing a good job in structural reform in the control of power supply and transportation, and active exploration of the structural reform of foreign trade. Besides, it is necessary to actively conduct experiment on turning residential buildings into commodities.

Regarding rural reform, Lin Ruo stated in his report: The basic starting point of reform is to develop socialist commodity economy and to make the rural areas prosper. This year, it is necessary to highlight the invigoration of rural finance and circulation and to open up the market for production essentials on the basis of consolidating and making complete and perfect the results of reform over past few years. Long-term and steady policies are to be implemented regarding specialized households and individual households of various categories, to protect their appropriate operation and legitimate rights and interests.



He also mentioned: While increasing impact in economic structural reform, it is necessary to continue in-depth structural reforms in education, science, and technology based on central arrangements.

According to him, to deepen reform, it is imperative to carry forward among cadres in a big way the spirit of reform and blazing new trails. Party organizations at all levels in the province should emancipate their minds, become promoters of progress, and encourage people to be bold in exploration and blazing new trails. It is necessary to support comrades undertaking reform, to create conditions for them, and to accelerate the process of reforms.

#### 4. Continue to Promote Opening Up to the World [subhead]

Lin Ruo stated: There is still much for Guangdong to accomplish in opening up to the outside world. Building export-oriented economy and engaging imports as well as establishing ties with other provinces and regions in the hinterland, and playing a role in these two aspects are the characteristics and advantages of Guangdong's economy. To further give play to such advantages, we should grasp our work well in a down-to-earth way in the following aspects: We should continue to implement the principle of "grasping industry, agriculture, and trade simultaneously" and develop agriculture for foreign exchange earnings, as well as export-oriented industry; all places possessing such conditions should run well export commodity production bases. We should further improve management and operation in foreign trade, earnestly implement the policy of encouraging exports, consolidate and develop trade with Hong Kong and Macao, work hard to open overseas markets, and promote still greater growth in foreign exchange earned through export of the province. We should take measures in such links as production and operation and work hard to cut the cost in foreign exchange in the production of export products. We should resolutely implement the "Regulations on Encouraging Foreign Investment" issued by the State Council and adopt preferential policies to attract foreign investment and to strengthen the confidence of foreign entrepreneurs. At the same time, we should stress the use of foreign capital and the import of technology and equipment on export-oriented projects as well as those involving advanced technologies. We should strengthen the work in absorbing and digesting imported advanced technologies and equipment and do our best to reduce our dependence on imported materials and parts. We should develop the export of labor services and the tourist industry, to earn more non-trade revenues in foreign exchanges.

Lin Ruo pointed out: In order to promote the policy of opening up to the world, it is necessary to further implement the united front policy and policy for Overseas Chinese affairs and to actively expand our united front work overseas. We should work hard to run well the special economic zones as well as other open zones of various categories.

#### 5. Draw Up And Implement Plans for the Building of Socialist Spiritual Civilization [subhead]

In his report, Lin Ruo proposed: To implement the central "Resolution on the Guiding Principles for Building Socialist Spiritual Civilization," we have drafted the "Plan of Guangdong Province for Building Socialist Spiritual Civilization." The fulfillment of this plan will certainly promote the momentum the further development of the building of socialist spiritual civilization in Guangdong.

According to Lin Ruo, the building of socialist spiritual civilization in the province this year should focus on embodying the two basic points in party line since the 3d Plenary Session of the 11th CPC Central Committee, namely, adhering to the four cardinal principles and adhering to reform, opening up, and invigorating the domestic economy; we should exert efforts in bringing up socialist citizens in the cultivation of lofty ideals, moral integrity, cultural accomplishments, and discipline; and improving the qualities of the people in their ideology, ethics, as well as science and culture. Long-term targets should be linked with immediate work. It is necessary to adopt all forms in a vivid and lively manner to unfold ideological and political work in depth. We should refrain from formalism in unfolding activities in building socialist spiritual civilization, but pay attention to actual effects. It is necessary to do work in a down-to-earth way and to do more practical work. We should further unfold education in socialist democracy and the legal system and promote their building. Leading cadres at all levels should strengthen their concept of the legal system and sense of democracy. We should help departments of science and technology, education, culture, and propaganda resolve certain practical problems. Recreational activities of a mass nature and popularization of science and technology should be unfolded. It is necessary to guide the masses to change prevailing habits and customs, to resist feudal and superstitious activities, and to eliminate ugly social phenomena. We should conduct education in professional ethics in all trades and professions and promote civilized service. Effective measures should be adopted to cure the urban and rural areas of dirtiness, disorder, and poor service. The building of spiritual civilization should be implemented at the grass-roots. The activities of creating civilized units and building spiritual civilization with the joint efforts of the Army and civilians, as well as the activities of creating "five good" families have been unfolded in various localities; they are good forms in strengthening the building of spiritual civilization. We should continuously sum up and spread the experiences in this respect to promote the implementation of the building of spiritual civilization in grass-roots units. When the provincial plan for building spiritual civilization is drawn up, all localities and departments should link with each of its own actual conditions in putting forth the specific target and measures for building spiritual civilization in their own locality or department, with every level guaranteeing its implementation.

#### 6. Further Strengthen Party Building [subhead]

Lin Ruo said, the strengthening and improvement of party leadership is the guarantee for doing a good job of every item of work and for the smooth progress of socialist construction. Therefore, party organizations at all levels should consciously understand that the party must control the party, and it is imperative to grasp well the building of the party itself. It is necessary to strengthen the ideological building, organizational building, and the building of party style. We should further do a good job of readjusting and assigning the leading bodies at all levels based on the requirement for cadres to be more revolutionary, comparatively younger in age, better educated, and professionally competent.

Lin Ruo concluded, under the correct leadership of the Central Committee, let us unite as one, exert our efforts, bring forward our merits, overcome our shortcomings, work ceaselessly and persistently, and strive for better accomplishments in all items of work as our gifts to the 13th CPC National Congress.

SHENZHEN OFFICIAL REPORTS PRODUCTION QUOTAS

OW131918 Beijing XINHUA in English 1602 GMT 13 Mar 87

[Text] Shenzhen, March 13 (XINHUA) -- The major targets of industrial production for Shenzhen, China's largest special economic zone, were announced by Deputy Mayor Zhu Yuening at a meeting here today.

Shenzhen, in Guangdong Province, will manufacture four billion yuan (about 1.08 billion U.S. dollars)--worth of goods this year, up 12 percent from last year's figure, with a 26 percent rise as the goal.

The zone, where foreign investors enjoy tax cuts and other preferential terms, plans to introduce 400 million U.S. dollars in foreign funds this year, three times as much as in 1986, Zhu told the meeting.

This year will see 150 new industrial enterprises go into operation, he said, adding that industrial products for export will be valued at 2.25 billion yuan -- over half of the zone's industrial output value.

He also listed the following figures for Shenzhen's industrial production this year:

- Profits will come to 400 million yuan, with the profit rate topping 10 percent;
- Per-capita productivity will amount to 30,000 yuan; and
- Spending on industrial capital construction will be worth 1.1 billion yuan, an increase of 125 percent.

A new power plant will go into operation in the second half of this year to ease electricity shortage, Zhu said.

GUANGXI TO INCREASE PRODUCTION, ECONOMY DRIVE

HK150343 Nanning Guangxi Regional Service in Mandarin 1030 GMT 14 Mar 87

[Excerpts] The regional party committee and government today issued a decision on launching a regionwide drive to increase production and practice economy and increase revenue and cut spending. [passage omitted] The decision made the following points:

1. Unify thinking and fully understand the great importance of launching this drive. At present the situation in Guangxi is very good. There is political stability and unity, and the economy is recording sustained and steady development. However, we must also soberly realize that, as in the whole country, there are factors for instability in our economic life. The main expressions of this are: There is a big contradiction between the supply and demand of grain; we have been too quick to start non-productive construction projects; financial expenditure has grown too fast; the concept of arduous struggle and building the country with hard work and thrift has weakened in some units and among some of the masses; and there is serious extravagance and waste.

Hence, launching this drive is certainly not an expedient but an important guiding idea and long-term principle for building socialism with Chinese characteristics. [passage omitted]



2. Tap potentials and base efforts on increasing production and revenue. We must continue to deepen the reforms, focusing on boosting the reserve strength of agriculture and enlivening the enterprises, and promote increase of production and revenue. In agriculture, we must put grain production in the first place and strive for a relatively big increase in output. Without relaxing grain production in the slightest, we must focus our vision on exploiting the mountain regions and actively develop diversification and the township and town enterprises. We must continue to do a good job in supporting poor areas and speed up the pace of extricating these areas from poverty and making them rich.

Industrial production must be centered on improving economic results and maintaining steady growth. We must unswervingly implement the central and regional regulations on invigorating the enterprises, and tap production potentials. We must also pay attention to protecting the enterprises' legitimate interests. We must focus increasing production on boosting output of products with a ready market. All enterprises should further improve product quality, readjust the product mix, and vigorously develop new and quality products, to raise their standards. The enterprises should step up lateral economic ties, work hard at technological advance, and actively launch labor emulation and a drive for soliciting rational suggestions. [passage omitted]

In economizing, we should focus on reducing material consumption, speeding up the turnaround of capital, and economizing all expenditure. [passage omitted]

3. Rationally readjust the investment structure and cut non-productive construction. [passage omitted] All capital construction projects must be included in the plans. People are not allowed to build projects not covered by the plans. It is necessary to step up feasibility studies for projects. [passage omitted]

4. Cut financial expenditure and build revenue and expenditure on a stable foundation. We must resolutely fulfill the tasks of increasing revenue, cutting spending, and raising capital set by the state and the regional authorities. This year all expenditures must be reduced from the actual spending figures for last year in accordance with the proportions set by the upper level, with the exception of expenditure on price subsidies, pensions, social relief, and special subsidies. All localities and departments must ensure the fulfillment of the targets set by the regional authorities. In all financial expenditure, we must adhere to the principle of living within our means and must not set excessive demands that go beyond our financial strength.

5. Build the country with hard work and thrift and practice strict economy. All localities, departments, and units must oppose and ban extravagance and lavishness. [passage omitted] We must display the spirit of saving every drop of water, every unit of electricity, and every cent. We must seriously investigate and punish all persistent waste and the practice of finding more pretexts for spending money.

6. Strengthen leadership and strictly observe discipline. The party committees and government at all levels must strengthen leadership over this drive and translate all tasks and measures into action. [passage omitted]

SICHUAN CADRE RALLY TO PROMOTE PRODUCTION

HK120111 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 10 Mar 87

[Text] Yesterday afternoon, the Sichuan Provincial CPC Committee and the provincial people's government held a mobilization meeting for organs at the provincial level on the drive to increase production, practice economy, increase revenue, and reduce expenditure. The meeting urged the people throughout the province to immediately plunge themselves in a massive drive to increase production, practice economy, increase revenue, and reduce expenditure, so as to do a better job on various fronts.

Responsible comrades of the provincial party committee, provincial People's Congress Standing Committee, provincial government, and provincial CPPCC Committee who were present at the mobilization meeting included Feng Yuanwei, He Haoju, Huang Qizao, Meng Dongbo, Liu Haiquan, Kang Zhenhuang, and Yanling Doje.

The mobilization meeting was presided over by Gu Jinchi, member of the provincial party committee Standing Committee and vice governor. Provincial party committee Deputy Secretary Nie Ronggui and provincial party committee Deputy Secretary and Governor Jiang Minkuan delivered speeches at the meeting.

In his speech Jiang Minkuan focused on three points:

1. The need to seek a common understanding, reorient our thinking, and keep up with the new situation;
2. The main targets and measures of our province in launching the drive to increase production, practice economy, increase revenue, and reduce expenditure;
3. The need to strengthen leadership over the drive to promote production, practice economy, increase revenue, and reduce expenditure; and to exert our utmost to implement the policies concerned.

Comrade Jiang Minkuan said: This year, in increasing production, practicing economy, increasing revenue, reducing expenditure, and improving economic results in all all-round way, our province's goal is to raise the total agricultural output by 6 percent over last year and the total industrial output by 6 percent over last year; and, on this basis, we are to strive to raise production output and overfulfill the production quota to the largest extent. In order to fulfill this goal, we must definitely concentrate our attention on the key links and devote our efforts to carrying out the following measures, namely, ensuring a steady growth in grain output and developing commodity production in an all-round way in rural areas; readjusting the product mix, improving product quality, and raising production of marketable industrial products; vigorously reducing material consumption and trying hard to turn deficits into profits; keeping the scale of investment in fixed assets under strict control and continuing to readjust the investment structure and improve the results of investments; taking the whole situation into consideration and subordinating local interests to the interests of the whole, so as to ensure the fulfillment of the financial and revenue quota; vigorously promoting a hardworking and frugal work style and opposing waste and extravagance; and keeping down the growing demand for funds, and making better use of funds.

To conclude his speech, Comrade Jiang Minkuan said: We must firmly adhere to the four cardinal principles; uphold the line of reform, opening up to the outside world, and enlivening the economy; seek a common ground; adroitly guide action according to circumstances; heighten our confidence; work hard in a down-to-earth manner, make a sustained effort to carry out the drive on a massive scale and in a deep-going and healthy way; and thus make new contributions to the success of the drive of increasing production, practicing economy, increasing revenue, and reducing expenditure.

Present at yesterday's mobilization meeting were a total of more than 1,500 people, including the responsible comrades of all departments, committees, bureaus, and offices at the provincial level; and the responsible comrades of the Sichuan provincial Higher People's Court, the provincial People's Procuratorate, and some enterprises and service units.

WU JINGHUA FAVORS PROTECTING XIZANG CUSTOMS

OW131435 Beijing XINHUA in English 1420 GMT 13 Mar 87

[Text] Lhasa, March 13 (XINHUA) -- "Government officials must do as Tibetans do when working in Tibet," said Wu Jinghua, secretary of the regional party committee of the Tibet Autonomous Region.

Wu, of the Yi minority nationality, always wears Tibetan costumes on Tibetan festivals showing his respect for local customs. He has also proposed that roads in Lhasa regain their old names that were changed during the "Cultural Revolution" (1966-76) for carrying religious connotations.

These are all as part of the government's campaign to protect the local religion and social customs, and the regional People's Congress is drafting laws for the purpose.

Since 1979, official policies have ensured that local residents can preserve their traditional way of life.

Tibetans now celebrate more than 20 traditional festivals a year. The most important religious ritual, the Lhasa prayer ceremony was revived last year.

The regional government also donated ten yuan (about 27 U.S. dollars) [figures as received] to every one of the more than 1,800 lamas that attended it and sent medical teams to the ceremony.

On other local holidays cadres of the Han nationality usually present hadas, pieces of silk used as greeting gifts, to their colleagues.

Earlier this year, local government issued regulations to ban sightseers from "sky burial" (open air disposal of corpses) sites, in order to protect the sensitivities of the local people.



GANSU CIRCULAR URGES FIGHTING 'SERIOUS' DROUGHT

HK121551 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 11 Mar 87

[Text] All areas in the province are now being hit by serious drought. To properly carry out the work of fighting the drought and ensuring a bumper harvest in agriculture, and to minimize the losses caused by the drought, the provincial party committee and government today issued an urgent circular, urging all localities and departments to carry out in depth the work of fighting the drought and ensuring a bumper harvest.

The circular reads: The current drought has seriously jeopardized spring farm work. Therefore, party and government leaders at all levels must put fighting the drought and ensuring a bumper harvest above all and firmly grasp it at present. They must seriously solve practical problems in fighting the drought. All localities must act according to local conditions. If it is possible to grow summer grain, they must grow summer grain; if it is impossible to grow summer grain, they may grow autumn grain or autumn vegetables. In the meantime, they must seize all favorable opportunities to rush sowing and properly conduct field management of winter crops. The more crops they sow and the more field work they do, the better. Areas where there are rivers must bring into play their strong points, promptly carry out spring irrigation and other farm work, readjust proportions of summer and autumn crops according to the local conditions, and make reasonable arrangements. All trades must treat fighting the drought and ensuring a bumper harvest as their unshirkable duty, make early preparations to supply more means of agricultural production, and give priority to solving the problem of supply of urgently needed goods, in fighting the drought. All departments must send cadres to the first line of spring farm work to solve practical problems. According to the requirement of the provincial authorities, about one-third of the cadres should be in charge of overall work, and one-third should go to the grass-roots to carry out various service work in spring farming.

The provincial party committee and government called on all cadres and masses in the province to take immediate action, to make concerted efforts to fight the drought and develop spring farm work, and to minimize the losses caused by the drought.

GANSU GOVERNOR REPORTS ECONOMIC PLANS

HK140243 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 13 Mar 87

[Excerpts] The 23d meeting of the 6th provincial People's Congress Standing Committee held a full session today to listen to a report by Governor Jia Zhijie on launching the movement to increase production and practice economy and increase revenue and cut spending. In addition, provincial price commission Deputy Director (Liang Bin) reported on price reforms, and provincial planning commission Deputy Director (Ke Baolin) reported on the situation in commodity circulation. Liu Bing, chairman of the provincial People's Congress Standing Committee, attended. [passage omitted]

Governor Jia Zhijie said in his report that, to implement the spirit of the national meeting of governors, the province made prompt arrangements to convey this spirit and make arrangements for implementing it, and also proposed tapping potentials, increasing revenue, controlling the scale of activities, ensuring the key points, economizing expenditure, strengthening supervision, blocking loopholes, and strengthening leadership, so as to translate the tasks of the movement into action.

The whole province is now swinging into action and the momentum of development is very good. [passage omitted]

He said: After the stage of conducting propaganda and mobilization and making arrangements and plans, we will enter the second stage of the movement, which calls for further checking on and implementing the tasks and measures in increasing production and practicing economy. In the third stage, we will convene a meeting to exchange experiences at the end of the second quarter to sum up and popularize typical experiences and resolve new problems that arise.

Jia Zhijie said in conclusion: Launching the movement to increase production and practice economy and increase revenue and cut spending is of very great importance for resolving existing problems in the economy and ensuring long-term stable development of the national economy. We must get a really good grasp of this movement, translate it into action, and ensure sustained, steady, and coordinated development of our economy.

#### ZHANG BOXING ELECTED GOVERNOR OF SHAANXI

OW171558 Beijing XINHUA in English 1550 GMT 17 Mar 87

[Text] Xian, March 17 (XINHUA) -- Zhang Boxing, the former acting governor of Shaanxi Province, was elected governor at the fifth session of the province's sixth People's Congress here today.

The 57-year-old Zhang is from Baxian County, Hebei Province. He joined the revolution in October 1947, and the Communist Party in November 1950. His previous posts included deputy director of the office of the Industrial Department of Shaanxi, and deputy director and deputy party secretary of the provincial Petrochemical Bureau. Zhang was deputy director and then director of the provincial Organization Department in 1981 and was elected deputy governor in May 1985. He became acting governor and deputy secretary of the province's party committee last December.

#### SHAANXI CONGRESS ELECTS ZHANG GOVERNOR, CONCLUDES

HK180125 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 18 Mar 87

[Excerpts] The Fifth Session of the Sixth Shaanxi Provincial People's Congress concluded in Xian on 17 March. [passage omitted] Present were responsible comrades of the party, government, Army, and CPFCC in Shaanxi including Bai Jinian, Zhang Boxing, Zhang Ze, (Zhao Huanju), and Tan Weixu, together with Chang Lifu, member of the Central Advisory Commission. Executive Chairman Li Lianbi presided at the closing ceremony. [passage omitted]

The session elected Zhang Boxing governor of Shaanxi. Previously, Zhang Boxing held the posts of leader of the coordination group of the provincial Industry and Communications Office, deputy director of the provincial Petrochemical Bureau and deputy secretary of the bureau's party group, deputy director and director of the provincial party committee's Organization Department, vice governor, deputy secretary of the provincial party and committee, and acting governor. [passage omitted]

The session unanimously passed resolutions on the provincial government work report, the province's plan for economic and social development in 1987, the final accounts for 1986 and the draft budget for 1987, and the work reports of the provincial People's Congress Standing Committee Higher People's Court, and People's Procuratorate. The session adopted a resolution on improving environmental protection and preventing pollution. [passage omitted]

MACAOPRC-PORTUGUESE TALKS ON MACAO OPEN IN BEIJING

OW180218 Beijing XINHUA in English 0203 GMT 18 Mar 87

[Text] Beijing, March 18 (XINHUA) — China and Portugal began their fourth round of talks on the settlement of the Macao issue at the state guesthouse here this morning.

Attending the talks were Chinese Government delegation headed by Vice-Minister of Foreign Affairs Zhou Nan and the Portuguese Government delegation headed by Rui Medina with Portuguese Ambassador to China Octavio N. Valerio as its advisor.

Accord Anticipated

HK180920 Hong Kong AFP in English 0900 GMT 18 Mar 87

[Excerpt] Beijing, March 18 (AFP) — China's chief negotiator to talks with Portugal on the return of Macao to Chinese administration said Wednesday that he was increasingly optimistic that an agreement would be reached shortly.

Portugal's ambassador to Beijing, Octavio Valerio, indicated that an accord could come Thursday.

"I am more and more optimistic," Chinese Deputy Foreign Minister Zhou Nan said following talks and a working lunch with the Portuguese delegation Wednesday.

The Chinese negotiator said that the two sides would hold further discussions later Wednesday and Thursday.

Asked if an agreement would be announced Thursday, Mr Valerio said: "Tomorrow, that will be a nice day," adding that he too was optimistic about the outcome of the talks.

"Look at our faces; we are very happy," he said, declining to confirm or deny whether the Portuguese-administered territory would return to Chinese rule in December 1999, as informed sources have said.

"I haven't seen anything about that," Mr Valerio said.

Before this fourth round of negotiations began Wednesday, informed Chinese and Portuguese sources said that Beijing and Lisbon had agreed on turning Macao over to China in 1999.

Britain has agreed to turn over nearby Hong Kong to China on July 1, 1997.

A source close to the Sino-Portuguese talks said Wednesday that this round of discussions would be the last and that an agreement was near.

Mr Zhou had said Tuesday that he hoped an agreement would be reached before China's National People's Congress convenes next Wednesday. [passage omitted]



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